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ECONOMIC AFFAIRS

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

BROAD PROGRAM FOR ECONOMY, THRIFTINESS

Moscow FINANSY SSSR in Russian No. 9, Sep 81 pp 3-8

[Editorial: "For Economy and Thriftiness"]

[Text] The 26th CPSU Congress, which put forward a broad program for the country's economic and social development for the years 1981-1985 and until the year 1990, defined the ways and conditions of its realization--above all, an intensification of the economy, an increase in its efficiency, the achievement of high final results with a more rational use of material and labor resources, the accelerated reequipping of enterprises on a new technical basis, and the introduction of modern technology.

During the last decade the country made important progress in all of the directions of the creation of the material and technical bases of communism and its production and scientific and technical potential grew substantially. The development of the economy was assigned 1.13 trillion rubles, which is 1.4 times more than during all of the years of the existence of the Soviet state. Fixed productive capital more than doubled.

The country's national wealth--a most important indicator of its economic might--almost doubled during the ten years and in 1980 reached 2.7 trillion rubles. The gross social product during this period increased from 637 billion to 1 trillion 61 billion rubles, industrial output--from 352 billion to 627 billion rubles, agriculture--from 100.4 billion to 123.7 billion rubles, and retail commodity turnover--from 158.1 billion to 268.5 billion rubles.

With the dimensions of social production which have been attained by the country an economy of only one percent of material resources comes to around six billion rubles compared to 3.6 billion in 1970. The fulfillment of the tasks set by the 26th Congress for the country's economic and social development during the 11th Five-Year Plan and during the 1980's as a whole will require drawing even more raw material, fuel and energy, and other material resources into production. The absolute amount of each percentage point of resources economy will grow correspondingly.

The efficient use of the production potential which has been created is becoming one of the most important principles of the party's economic strategy for the

forthcoming period. As L.I. Brezhnev emphasized in the Summary Report at the congress, "the pivot of economic policy is becoming a matter which, it would seem, is simple and very everyday--a proprietary attitude toward public property and the ability to make full and proper use of everything that we have. The initiative of labor collectives and mass party work have to be aimed in this direction. Technical policy, capital investment policy, and the system of planning and reporting indicators must also be aimed in this direction."

The advanced associations and enterprises of Moscow and of Sverdlovskaya, Chelyabinskaya, and Kemerovskaya Oblasts have accumulated valuable practical experience in economizing raw materials, materials, fuel, and energy while at the same time improving output quality. However, it has not yet become the property of many other labor collectives.

As was noted at the congress, compared to the best world indicators, in our country more raw materials and energy are expended per unit of national income. The materials intensity of many types of machines and equipment is high, and the specific expenditures of materials for the production of a number of products are large. When work in the field of science and technology is planned and when capital investments are distributed insufficient attention is given to the creation and introduction of resource saving types of equipment and technology. Poor use is made of production wastes and secondary resources and there are large losses of metal, fuel, wood, cement, mineral fertilizers, and agricultural and other output in the process of its production and storage. All of this testifies to the existence of large reserves for increasing the production of final output from existing resources and to the possibility for a substantial increase in production efficiency.

Guiding themselves by the decisions of the party congress, the CC CPSU and USSR Council of Ministers adopted the decree "On Strengthening the Work on Economizing and Making Efficient Use of Raw Material, Fuel and Energy, and Other Material Resources." This document defines a long-term overall program of concrete measures on increasing production efficiency and intensifying the economy, and it sets large tasks for the consistent implementation of Lenin's principles of economic management--to keep an accurate and conscientious account of money, to manage thriftily, and to observe the strictest discipline in labor.

To expend raw materials and materials thriftily, to decrease expenditures, and to eliminate losses--all of this means to economize capital investments and the labor of millions of people, to increase the production of output, and to preserve the environment. An expansion of the possibilities for improving the well-being of the people depends to a large extent upon this.

As is emphasized in the document which has been adopted, the realization of the demand of the 26th CPSU Congress--the economy has to be economical--is a matter for the entire party and the entire people which requires universal compliance with a strict regimen of economy, a strengthening of cost accounting, and the wide introduction of the methods of intensive economic management.

The decree proceeds from the necessity for a resolute turn by all planning and economic work and by scientific and technological development toward a more

efficient and economical use of material resources. Gosplan USSR, Gosstroy USSR, Gossnab USSR, the State Committee for Science and Technology, the USSR Academy of Sciences, the banking and financial system, and the ministries and departments have to play an important organizational role in the realization of these tasks. It is planned in the development and realization of plans to strengthen the orientation of economic development toward an outstripping growth of the results of production compared to material expenditures, and to bring about an improvement of the structure of the economy and its branches in the direction of a comprehensive lowering of energy and materials intensiveness, a maximum extraction of minerals, and the overall processing of raw materials. It is planned to increase the role of science in the efficient use of all types of material resources, in the creation and introduction of the implements of labor, machinery systems, highly economical, and low waste and waste-free production processes necessary for this, and in the expansion of the production of high quality output. The task is being set of sharply decreasing the waste and loss of raw materials and materials at all of the stages of their processing, storage, and transportation, of bringing secondary resources and by-products more fully into production, and of allocating capital investments and the equipment and capacities of construction organizations first of all for measures on economizing material resources.

Beginning with 1983 it has been recognized as necessary to approve output (work) cost assignments in the five-year plans for industrial, construction, and transportation ministries and for associations, enterprises, and organizations. A ceiling (maximum level) for material outlays in monetary terms per ruble of output (work) will also be approved in these assignments.

An activization of the work on economizing and making efficient use of material resources presupposes a substantial improvement of the normative enterprise and an increase in the mobilizing role of norms and normatives. It is important to refine operating progressive material resources expenditure norms and to establish new ones on time on the basis of planning assignments and with regard to the introduction of scientific and technical achievements and the experience of advanced collectives.

The decree obliges Gosplan USSR to establish expenditure normatives for the most important types of materials, fuel, and energy in physical terms per unit of output in the five-year and annual plans of USSR and union-republic ministries and departments, and it obliges the ministries and departments and the union republic ministries to give these normatives to associations, enterprises, and organizations.

In accordance with the July decree of the CC CPSU and USSR Council of Ministers on improving the economic mechanism, certain measures have been carried out to refine norms and normatives, and the products list of material resources for which assignments on an average decrease in expenditure norms has been increased. Beginning with the 1981 plan the planning indicators include: "Coefficient of Metal Use" and "Assignment for an Average Decrease in the Overall Specific Expenditure of Metal." It is also planned to economize light petroleum products, boiler and furnace fuel, and electric and thermal energy. A section on the use of secondary raw materials is being included in the plan for the first time.

It is also planned to further expand the products list of material resources for which centralized assignments for an average decrease in the expenditure norms are established. In 1981 the products list will have to be worked out on the most important materials intensive types of output and operations for which individual expenditure norms for the basic types of material resources will have to be approved in a centralized manner as early as the following year. It is the duty of ministries and departments to ensure a high level of scientific and technical substantiation for norms which are being approved and for their reduction assignments, as well as for material expenditure ceilings, and to establish rigid control over compliance. Operating norms have to be reviewed periodically with regard to planned schedules for the introduction of new equipment and technology. In a number of cases this will require the creation of new services and the strengthening of the operating services which perform norm setting and exercise control over the use of material resources in associations, enterprises, and organizations.

Gossnab USSR, Gosstroy USSR, and the USSR Ministry of Finance have been instructed to strengthen control over the quality of the resource expenditure norms which are employed and over compliance with the norms (normatives) which are approved in a centralized manner. When overstated norms are discovered measures have to be taken for their immediate review. It has been stipulated that the payment for materials, fuel, and energy which are expended in excess of the norms (ceilings) has to be made at increased prices and rates which are approved in the established procedure.

Standards and technical specifications are being assigned a serious role in the economical use of material resources and in the improvement of output quality. It is planned to improve the operating procedure for planning, preparing, and introducing standards, and to develop and refine standards for new types of machinery, equipment, and materials at the same time that the corresponding scientific research and planning and designing work is performed on the creation of new equipment and materials models. Henceforth, materials intensiveness and energy intensiveness indicators which are in keeping with the achievements of domestic and foreign science and technology have to be included in the standards and technical specifications as basic output characteristics. In certification output can be classified in the highest quality category only if these requirements are met. In 1981-1982 it is planned to review the building and calculation norms, standards, and rules, including permissible stress, safety factors, and testing methods, and to bring about an extensive branch and interbranch unification of them.

The role of economic sanctions for violations of standards and technical specifications is being strengthened, and responsibility for the development, production, and sale of poor quality products and for the defective preservation of output is being increased. Henceforth, these sanctions will be applied to: planning and designing and scientific research organizations and output developer enterprises; agricultural, procurement, sales and supply, and wholesale and retail trade organizations and enterprises--in connection with sales and storage; and enterprises and institutions in the service sphere--in connection with the provision of services.

In addition to increasing responsibility, it has been found necessary to create a greater interest for enterprise, association, and organization workers, execu-

tive and engineering and technical workers, and employees in the efficient use of material resources. The system of concrete measures which is being planned for these purposes includes the establishment of a dependency between the economic stimulation funds and the level of expenditures per ruble of output (operations). Beginning with 1983 allotments will be made to the stimulation funds from the economized monies obtained on the basis of a decrease in material expenditures compared to ceilings. In the event that a ceiling is exceeded allotments will be decreased, but not by more than 25 percent of their planned amount. Such increases or decreases in the stimulation funds will be employed in the working out the indicators of the annual plans in comparison with the assignments of the five-year plan for the corresponding year, and also in evaluating their fulfillment.

In 1983 bonus payments will be introduced for the executive workers and employees of production associations, enterprises, and organizations in relation to the level of material expenditures per ruble of output (operations) compared to the approved ceiling, and with regard to the fulfillment by the association, enterprise, and organization of cost assignments. Bonuses for an economy of material expenditures will also be applied to the leaders of association and enterprise subdivisions.

In 1982 bonus payments will be expanded for workers, foremen, production engineers, designers, and other engineering and technical workers for economies of concrete types of material resources compared to the established technically substantiated (average progressive) expenditure norms. It is planned to pay bonuses of 75 percent of the amount of the economy of material resources in relation to their type, cost, and scarcity. In cases when it is expedient, bonuses will be paid to workers for the achievement of progressive technically substantiated norms. They will be rewarded for an economy of material resources in excess of the maximum bonuses established in the branches. The additions stipulated by the decree to the systems for the formation of the economic stimulation funds and of workers' bonuses which were introduced during the 11th Five-Year Plan will foster a sharper directedness by the systems toward accelerating the intensification of the economy and toward the efficient use of material resources.

The economic stimulation of associations, enterprises, and organizations and the material interest of labor collectives in a fuller use of industrial waste products, secondary resources, and local raw materials are also being strengthened. Beginning with 1982 actual profits from the sale of consumer goods and production and technical purpose products which are manufactured from production wastes will remain at the disposal of enterprises and associations (regardless of their subordination) and be credited to the consumer goods fund in full with a profitability (in relation to production costs) of 25 percent, with the part which is obtained from a profitability in excess of 25 percent credited to the fund at the level of 50 percent. This procedure of making allotments to the consumption goods fund will be employed on condition that the cost of the waste products expended for the production of these goods and products comes to 50 percent and more of the total raw materials and materials, excluding auxiliary materials. In the past, in accordance with the 15 January Decree No. 61 of the USSR Council of Ministers, such measures were applied only to associations, enterprises, and organizations of republic subordination.

It is only possible to increase thrift in the economy on the condition that there are accurate and all-embracing control over the expenditure of material resources, an improvement of the system of accounting, reporting, and analysis, and a constant disclosure of all types of waste and losses.

The important tasks of ensuring state control over economizing in the expenditure of material resources, the introduction of progressive norms, and the prevention of mismanagement have been made the responsibility of Gossnab USSR. It has been given the right to establish for ministries and departments procedures and norms for the collection, sale, and processing of secondary resources, and has been charged jointly with Gosplan USSR and the ministries and departments to create and introduce in 1981-1982 effective plans for the collection, sale, processing, and use of secondary resources.

The USSR Central Statistical Agency, USSR Ministry of Finance, and USSR Gosbank and Stroybank have been made responsible for improving the system of accounting, reporting, economic analysis, and control over the expenditure of material resources. Toward these ends, as early as 1981 state reporting is being introduced on the fulfillment of assignments for an average decrease in the expenditure norms for the most important types of raw materials and materials. Beginning with the following year reporting will also be introduced on the amount of the economies of material resources which have been obtained compared to the established ceilings, and on the amounts of bonuses paid for this.

The decree binds ministries, departments, and the councils of ministers of the union republics to complete during the 11th Five-Year Plan the shift of their subordinate associations, enterprises, and organizations to a normative method of computing expenditures for production and to the calculation of output costs on the basis of a system of progressive norms and normatives. Until now its introduction has been held back by shortcomings in norm setting and by a lack of coordination between the norms according to which material resources are requisitioned and distributed and the technological norms for the use of material and technical resources and production. With an improvement of normative work it will become possible to employ this progressive method much more widely.

In accordance with the decree, proposals are now being prepared in Gossnab, Gosplan, the Ministry of Finance, and the USSR Central Statistical Agency on drawing into economic turnover during the 11th Five-Year Plan above-plan and surplus stocks of commodity stocks, decreasing above-plan remainders of uninstalled equipment, and accelerating the turnover rate of circulating capital. The ministries of finance of the union republics are taking part in this work also. The realization of these proposals, along with the use of economic levers, will make it possible to successfully accomplish the task set by the 26th Congress of accelerating the turnover rate of circulating capital in the economy by two-three days.

In the light of the decisions of the congress and the party's and government's decree "On Strengthening Work on Economizing and Making Rational Use of Raw Material, Fuel and Energy, and Other Material Resources," financial agencies will have to substantially raise the level of their economic and control work. With the help of existing and new economic levers it is essential to strengthen influences on

associations, enterprises, and organizations for the purpose of a more efficient and rational use of all types of material resources, and to establish effective control over the fulfillment of approved assignments and over compliance with ceilings and expenditure norms for raw materials, materials, fuel, and energy. It is also necessary to take the most active participation in the work of ministries, departments, associations, and enterprises in discovering reserves for decreasing the expenditure of raw materials, materials, fuel and energy, curtailing waste, making maximum use of secondary resources, eliminating various kinds of losses, and observing the strictest compliance with a regimen of economy and thrift. The economic and control work plans have to provide for the appropriate special inspections at enterprises and associations in all branches of material production and in municipal housing. A regular analysis of the financial activities of enterprises and associations and day-to-day surveys and audits are important forms of control work. In addition, the following questions should be at the center of the attention of financial workers:

what concrete measures are being carried out at enterprises, in associations, and at organizations to economize and make rational use of raw materials, materials, fuel, and energy;

what is the state of normative work; is the established procedure for developing and giving production associations and enterprises expenditure norms for material resources being observed, and is full account taken in them of the assignments for an average decrease in norms which are stipulated in the state plan; are they not being established in amounts exceeding the actual level of the preceding period;

are measures being taken to decrease waste and losses of raw materials and materials at all of the stages of their processing, storage, and transportation, to make fuller use of secondary resources, thermal waste, and by-products, and to decrease empty runs by trucks and other transportation equipment;

are the measures for a more rational decrease in the expenditure of fuel and electric and thermal energy for heating and hot water supplies for residential houses and public buildings being fulfilled;

is there compliance with the adopted procedure for forming the economic stimulation funds and the consumer goods fund from production wastes and for paying bonuses to workers for an economy of material resources.

Concrete proposals which are developed on the basis of the results of inspections have to be submitted by financial agencies for the consideration of the appropriate ministries and departments, ispolkoms of rayon, city, district, oblast, and kray Soviets of Peoples' Deputies, and the councils of ministers of the union and autonomous republics for the elimination of shortcomings in the use of material resources, the discovery of reserves for economizing them, and the elimination of unproductive expenditures and losses. In this way, financial workers will make an important contribution to the execution of the decisions of the 26th Party Congress and the decree of the CC CPSU and USSR Council of Ministers on economizing material resources and to the realization of the country's economic and social development program which has been adopted for the 11th Five-Year Plan and for the 1980's as a whole.

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

COST OF RAISING PRODUCTION BY ONE PERCENT

Moscow AGITATOR ARMII I FLOTA in Russian No 15, 1981 pp 5-7

[Article by V. Il'ichev: "Value of One Percent"]

[Text] During the 11th Five-Year Plan and subsequently, our party's economic policy ensures improvement in the well-being of the people and a strengthened defense capability and might of our homeland. Based on the unchanged program demand of "everything in the name of man, everything for the good of man," the 26th CPSU Congress reaffirmed the directive of the 24th and 25th congresses on a resolute changeover to primarily intensive factors of economic growth, on improving the efficiency and quality of all work. The correctness of party economic strategy was noted once again -- as a result of its implementation, the Nation of Soviets has made a significant advance in creating the material and technical base of communism.

One important feature of the present stage of production development is the policy of outstripping growth in end results as compared with expenditures of labor and material resources, as well as capital investments. This is why each labor collective is called upon to use our enormous production and scientific-technical potential more effectively, to introduce new methods of management faster. "Ensure continued economic progress in society and profound qualitative advances in the material-technical base on the basis of accelerating scientific-technical progress, intensifying social production and improving its effectiveness," notes the "Basic Directions of USSR Economic and Social Development in 1981-1985 and Up To 1990."

The orientation towards developing all branches of the national economy by improving production efficiency and work quality provides an opportunity to seek out additional means of solving a broader range of social problems.

One characteristic feature of the current five-year plan is the accelerated rates of development of the most important branches of the national economy -- industry and agriculture -- which provide three-fourths of the social product. Industrial production is to increase by 26-28 percent, as against 25 percent this past five-year period, and average annual agricultural production is to increase by 12-14 percent, as against nine percent in 1976-1980.

The weight of these percentages is growing from each five-year plan to the next. For example, each percentage-point increase in industrial production volume now provides 6.3 billion rubles in additional output, as against five billion rubles in the 10th Five-Year Plan, 3.5 billion in the Ninth and 2.3 billion in the Eighth. And each

percentage-point increase in agricultural production now means more than 920 million rubles in additional output, as against 803 million in the 10th Five-Year Plan, 711 million in the Ninth and 558 million in the Eighth.

The "weight" of one percentage point is great. Thus, for example, it is 1.8 billion rubles in machine building and metalworking, 1.1 billion in food industry (including grain-milling and mixed-feed), one billion in light industry, 0.44 billion in chemical and petrochemical industry, 0.35 billion in fuel industry, 0.19 billion in electric power engineering. The "value" of one percent of the current annual production of electric power in the Soviet Union (one percent of the annual volume of electric power now being produced is 14 billion kilowatt-hours) is nearly equal to the entire production for the year 1932, and in 1985 it will considerably exceed it (15.5 to 16 billion kilowatt-hours). Just the additional over 1980 will equal the annual production for 1960, when our country was already recognized as an industrial giant.

One percent of Soviet oil extraction (including gas condensate) was 6.03 million tons last year. In 1950, it took about two months to produce that amount.

Natural gas extraction is growing even faster. Last year, one percent (4.35 billion cubic meters) was more than all extraction in 1946. By the end of the 11th Five-Year Plan, just the increment over today's level will exceed total world production in 1950.

One percent of coal brought to the surface last year "weighed" 7.16 million tons, but it will be "heavier" in 1985 -- 7.7 to 8 million tons.

Each percentage-point increase in the grain harvest provides an additional more than two million tons, an amount sufficient to provide 11 million people with bread and grain products the year around, for example. And if that additional amount is used to feed livestock, given the current average level of fodder unit expenditures, we could obtain an additional 150,000 tons of meat (slaughter weight), or 1.3 million tons of milk.

We could obtain nearly 90,000 tons more cotton by increasing harvests by just one percent. That could provide additional fabric sufficient to sew approximately 50 million dresses.

One percentage-point growth in meat production in the public sector provides an additional 100,000 tons of this valuable foodstuff, and one percentage-point increase in milk yields provides another 650,000 tons.

The rates of growth in consumer goods production will be high in the current five-year plan. For example, the release of cultural and personal-services goods increased 41 percent in the 10th Five-Year Plan. It is planned to grow at least 40 percent in the 11th. But one percent of their annual production has become "weightier" and now represents 667,000 watches, 85,000 radios and radio-phonographs, 75,000 television sets, 59,000 refrigerators, 40,000 cameras and 38,000 washing machines.

One of the most important indicators describing the turn towards comprehensive intensification of the national economy is change in the relationship of rates of growth of national income and capital investments. This five-year plan, capital investments will increase 12-15 percent, but national income will increase 18-20 percent.

It was noted at the 26th Congress that our country still wastes much raw and other materials and energy per unit of national income as compared with the best world indicators. Among the Soviet people, there exists every opportunity for significantly increasing the release of end product with relatively less extraction of natural raw material and fuel, with lower energy and monetary expenditures per unit of output. We need to make better use of machine tools, vehicles and units, to reduce equipment idle time, raise the shift index of enterprise operation and lower the metals- and energy-intensiveness of machines in every way possible. It is very important to use intelligently each ton of raw material and metal, cement and mineral fertilizers.

Along with this, we need to improve the qualifications and skills of each worker, to combine occupations, expand service zones, use working time more efficiently and eliminate unproductive expenditures and losses. In fact, the loss of just one minute in industry as a whole converts into the failure to obtain output worth more than a million rubles.

The skillful, effective use of the powerful, vital forces of Soviet society, its production and scientific-technical potential, initiative and creativity, is a guarantee of successful implementation of the resolutions of the 26th Congress of our party.

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PLANNING AND PLAN IMPLEMENTATION

NORMATIVE BASE FOR PLANNING DISCUSSED

Moscow PLANOVOYE KHOZYAYSTVO in Russian No. 8, Aug 81 pp 31-40.

[Article by G. Pokarayev, deputy department chief Gosplan USSR: "The Normative Base of Planning: State, Problems, Tasks"]

[Text] The present conditions for a further development of the economy are making new demands upon the level of the balance of economic indicators on the basis of the introduction of a system of scientifically substantiated technical and economic norms and normatives.

On 11 January 1980 Gosplan USSR adopted the decree "On a System of Progressive Technical and Economic Norms and Normatives and On Measures to Introduce It into Planning." *

The above decree provided for carrying out a substantial reorganization of the work on preparing and examining norms and normatives in the ministries, departments, and union republics and in Gosplan USSR and its scientific research institutes; for the development of a number of basic methodological and organizational documents on the formation of the normative base of planning; and for ensuring stricter control over norms by means of performing expert appraisals of the progressive nature of the most important norms. Ministries and departments were charged with deepening the work on ensuring the reliability of norms and normatives and their punctual renewal, and with substantially improving normative work at enterprises and associations.

The importance of carrying out measures to improve the normative enterprise was emphasized in the decisions of the 26th CPSU Congress in which the necessity was pointed out for a substantial improvement of norm setting for all production resources and a systematic review of obsolete norms and the introduction of pro-

* See: PLANOVOYE KHOZYAYSTVO, No. 5, 1980, p 51.

gressive ones which correspond to the current level of equipment, technology, and production and labor organization.

As a result of the increased role of the five-year plan as the basic form of planning the country's economic and social development and of organizing its economic activity, increased demands are being made upon the development of norms and normatives for this period. They have to be developed parallel to the production plan and to the science and technology, capital construction, and other development plans of enterprises, associations, and branches.

During the year and one-half which has passed since the publication of the decree a number of measures aimed at improving the organization of norm setting work and at giving it a more planned character have been carried out in Gosplan USSR, in the USSR ministries and departments, and in the gosplans of the union republics. Work is being done to strengthen methodological support for the computation of labor and material and financial resources norms.

Most ministries and departments have worked out overall plans on improving norm setting for the years 1981-1985. A number of ministries (the USSR Ministry of Ferrous Metallurgy, USSR Ministry of Construction and Road Machine Building, USSR Ministry of Petrochemical Industry, the Ministry of Ship Building Industry, the Ministry of Civil Aviation, and also Gosplan Ukrainian SSR have already approved them.

As a rule, in the ministries the economic planning administrations have been appointed as the head subdivisions responsible for the organization of resources norm setting in the branch. Individual ministries have created special commissions which are made responsible for this work. Thus, in the USSR Ministry of Coal Industry it is performed by a commission consisting of the chiefs of the leading administrations and all-union associations presided over by the deputy minister.

Certain USSR ministries and departments and a number of union republic gosplans have mapped out measures to strengthen the norm setting apparatus with cadres and to clarify the structure and size of the corresponding subdivisions. They include: the Ministry of Chemical Machine Building, Ministry of Energy Machine Building, Ministry of Communications Equipment Industry, USSR Ministry of the Petrochemical Industry, Ministry of Transportation Construction, Ministry of Petroleum Industry, USSR Ministry of Geology, USSR Ministry of the Food Industry, USSR State Committee for Timber Resources, USSR State Committee for Agriculture Equipment, Gosplan Ukrainian SSR, and Gosplan Lithuanian SSR.

The head scientific research organizations for the methodological direction of the creation of the system as a whole and its individual groups of norms and normatives have been established in the USSR ministries and departments and in the union republics.

Thus, the decree of Gosplan USSR has played a definite role in activating the work of USSR ministries and departments and union republic gosplans to prepare a system of norms and normatives for planning.

However, in deviation from the recommendations of the decree of Gosplan USSR, independent subdivisions which are responsible for the development of the system have not been formed in the USSR ministries and departments and the union republic gosplans. In a number of ministries these functions are distributed among services of the central apparatus. The placing of the work to form the different kinds of norms and no natives entirely with branch scientific research organizations is an important shortcoming in the organizational measures which are being carried out. All this decreases the responsibility of ministries for the organization of this work in associations and enterprises and frequently leads to a formal participation by the apparatus of the ministries in the formation of the normative base of planning. As a result, the measures which have been carried out by the USSR ministries and departments and the union republics have only touched upon a negligible number of the organizational problems.

In Gosplan USSR a preliminary analysis has been performed on the state of the work to develop norms and normatives for labor expenditures and wages, normatives of the need for equipment and cable products, and specific capital investment and production capacity norms; a partial change has been made in the structure of the Scientific Research Institute of Planning and Normatives for the purpose of developing work on norm setting; and a procedure has been established in Gosplan USSR for examining norms and normatives which have been included in the system.

Within the framework of the work on the preparation of a normative base for the plan for 1981 and for the 11th Five-Year Plan the Labor Division of Gosplan USSR jointly with the Division of Norms and Normatives, the Main Computer Center, the Scientific Research Institute of Planning and Normatives at Gosplan USSR, and the Scientific Research Institute of Labor of the USSR State Committee for Labor held a conference with the representatives of 35 USSR ministries and departments on the question of the introduction of an indicator of the full factory-plant labor intensiveness of a unit of output into the practice of planning calculations. For the purpose of the introduction of systematic calculations of this indicator and of its use at all levels of planning Gosplan USSR and the USSR State Committee for Labor have sent the ministries and departments the appropriate instructions which provide, as a first stage, for the organization in 1980-1981 of the formation of indicators of the full labor intensiveness of a unit of output at the enterprise, association, and ministry (USSR department) levels, and their systematic receipt and analysis in Gosplan USSR in order to be able in 1982-1985 to change over to their use in the substantiation of the labor plan.

In preparation for planning the wage fund on the basis of indicators of the full wage intensiveness of a unit of output, the USSR ministries and departments have been charged with presenting Gosplan USSR with long-term industrial production personnel wage expenditure normatives per cost unit of output.

Drafts of assignments for economizing materials and fuel and energy resources and of expenditure norms for them have been worked out for the plan for 1981 and for the Basic Directions for 1981-1985. The nomenclature of material resources, of their economy indicators, and of the directions of norm setting has been expanded, the number of capital holders has been increased, and there are now corrected and entirely new instructional-methodological documents on computing economies with

regard to the demands of the 12 July 1979 decree of the CC CPSU and USSR Council of Ministers and the 29 May 1980 decree of the CC CPSU. Thus, beginning with the 1981 plan assignments are introduced on increasing the coefficient of metal use and on an average decrease in the overall specific expenditure of metal. Economy coefficients have been reviewed and metal output has been replaced in machine building, and objective norms for the expenditure of material resources in capital construction have been approved. The number of capital holders for which the structure of construction and installation work is considered has been increased from 68 to 85.

Work is being done to prepare and approve specific capital investment norms for the branches of industry and the economy for 1981-1985. However, despite the large amount of work which has been done to compute and consider specific capital investment norms and to prepare them for approval, owing to their insufficiently progressive nature, these indicators are used in an extremely limited way in the formation of the capital investments draft plan.

Norms have been prepared for determining the needs of the branches of the economy for equipment and cable products. Mastery time norms for planned capacities and industrial enterprises and facilities which are being commissioned, as well as the methodological regulation for their determination, have been approved.

The Main Computer Center of Gosplan USSR is increasing the amount of normative information which is processed on computers. In order to substantiate material and technical supply plans, in 1980 more than 180,000 expenditure norms for the metal output which is employed in industrial production (compared to 120,000 in 1978) were put into the Main Computer Center's computers and used in planning calculations, and the computation of average norms in capital construction and the development of expenditure norms for the repairing and operation of implements of labor continued.

The analytic computer calculations begun in 1981 of the results of reviews by USSR ministries and departments and union republic gosplans of the expenditure norms for materials in production has to be regarded as an auspicious direction of work in the Main Computer Center.

At the same time, despite the existence of a definite experience, insufficient use is being made of computer equipment in the preparation of the data needed for an overall analysis of the progressive nature of norms and the efficiency of the use of resources and for control over the fulfillment of norms and of the assignments for an average decrease in them. The Main Computer Center has not yet solved the problems of accumulating normative data over a number of years in order to establish tendencies and the dynamics of changes in them for comparable nomenclatures. The problems of improving interaction between the divisions and the Main Computer Center of Gosplan USSR, and also between the Main Computer Center of Gosplan USSR and the computer centers of the USSR ministries and departments and union republic gosplans with regard to using machine carriers for transmitting normative information are becoming important.

By virtue of the 11 January 1980 decree of Gosplan USSR the Scientific Research Institute of Planning and Normatives at Gosplan USSR has been given the responsibility for coordination and for ensuring methodological unity for the work on improving norm setting and economizing resources in the economy. It is the head organization for the development of the methodological principles of norm setting and the methods support for the system of norms and normatives and must also provide for the preparation of standard interbranch documentation on norm setting and for sample expert appraisals of norms and normatives. This requires from the institute a substantial change in directions and a rise in the level of scientific research on norm setting for resources, the implementation of concrete work to create and introduce a system of norms and normatives, and, what is especially important, the performance of analyses and expert appraisals of the normative information of ministries and departments.

The necessity for an accelerated realization of the demands set forth in the decree stems from a number of factors. In planning capital construction Gosplan USSR, the USSR ministries and departments, and the union republics use the following basic groups of norms and normatives which are formed on the basis of object-representatives: normatives for specific capital investments--consolidated and individual; material resources expenditure norms (expenditure norms for materials and products per one million rubles of estimated cost of construction and installation work, norms for the need for equipment for completing capital construction projects per one million rubles of ceiling on capital investments for equipment, norms for cable products for completing capital construction projects per one million rubles of estimated cost of construction and installation work); and time expenditure norms (the length of time in planning, building, and mastering the plan capacities of commissioned industrial enterprises and facilities).

The methodological and directly computational work on preparing this normative base is being done by the gosplans and gosstroy of the union republics, the USSR ministries and departments, around 200 all-union and branch scientific research and planning institutes (for each group of norms), and the Scientific Research Institute of Planning and Normatives and the Scientific Research Institute of Economics at Gosplan USSR.

However, the practice which has developed shows that the above norms and normatives are formed on the basis of the plans of object-representatives which are selected independently of one another and on different methodological bases. Ministries persistently seek the agreement of the divisions of Gosplan USSR and Gosstroy USSR for plans which are oriented only toward a concrete group of norms and normatives, which frequently leads to their overstatement. The object-representatives which have been put at the basis of the formation of specific capital investment normatives, as a rule, are not coordinated with the object-representatives on the basis of which other types of norms are formed, and, on the contrary, the number of object-representatives on the basis of which the norms are formed in many cases includes obsolete plans and plans with low quality planning which in their indicators are essentially inferior to the best plans of analogous purpose.

However, even in those cases when the object-representatives coincide, the difference in the methods approaches in the formation of the different groups of norms

and normatives leads to their non-comparability and makes an overall evaluation of the progressive nature of the presented plans impossible. For example, at the objects of the USSR State Committee for Agricultural Equipment the territorial coefficient for a change in estimated cost which has been adopted for computing specific capital expenditures is in Kostromskaya Oblast nine percent, in Ivanovskaya--13, and in Orlovskaya--12 percent higher than the corresponding coefficients which are adopted in the computation of the materials expenditure norms per one million rubles of construction and installation work.

Such differences are also characteristic for other branches and territorial areas. For example, on the basis of the territorial coefficients which were developed by the USSR Ministry of Procurements for Moscow and Moscow Oblasts, the increased cost of the estimated cost of construction and installation work came to 16.8 percent, compared to 4.3 percent computed by the coefficients adduced in the handbooks of material resources expenditure norms.

The divergent approach to the selection of object-representatives does not permit a correct evaluation and consideration in the planning calculations of the engineering and technical and economic levels of the objects under construction. Thus, the temporary norms and normatives (of planning, construction, the mastery of production capacities) which are defined as the average value of the temporary characteristics of the analogous plans of an intra-branch direction of construction do not ensure a reliable determination of the duration of the investment cycle on account of the non-comparability of the nomenclatures of the objects and of the development dates of the norms (planning length norms were issued in 1964, construction--in 1979, capacity mastery--in 1978).

To date the Main Computer Center and the divisions of Gosplan USSR have not solved the methodological and organizational problems of using computers and mathematical economic methods for calculating norms for object-representatives, which leads to the high cost and labor intensiveness of the work on forming the normative base and excludes the possibility of a current review of norms and normatives. Expert appraisal has not been organized for norms and normatives for the planning of capital construction, which decreases their reliability.

The above shortcomings do not permit the attainment of a full balance between the capital investment plans and material and technical support for capital construction. There needs to be a large amount of teamwork by Gosplan USSR, Gosstroy USSR, the USSR ministries and departments, the union republic gosplans, and planning institutes in developing a normative base for the planning of capital construction.

The linking of norms in a single complex is above all capable of fostering the balance of plans by types of resources--financial, labor, and material expenditures. Toward this end, all types of norms have to be developed on the basis of a homogeneous group of object-representatives in keeping with unified procedures.

The plans of object-representatives have to be selected from among the most progressive plans which are economically efficient in their technological, spatial layout, and design solutions. This will serve as a basis for their mass dissemination during the planning period. The evaluation of the progressive nature of

the plans, their expert appraisal, and the computation of norms and normatives has to be performed with computers in keeping with a uniform complex of programs. The selection of the object-representatives for the computation of the complex of norms and normatives on a single methodological basis would best be concentrated, in our view, in an interdepartmental commission in Gosplan USSR which could be formed with a membership consisting of representatives of Gosstroy USSR, Stroybank USSR, the USSR Ministry of Finance, and branch scientific research and planning institutes.

In addition, it would be advisable to organize the preparation of the methodological documents which establish a uniform procedure for the development, expert appraisal (using computer equipment), and agreement on draft plans of the complex of norms and normatives for planning capital construction.

Parallel to this it is necessary to solve the problems of the coordination, financing, expert appraisal, and presentation to the interdepartmental commission of object-representatives for the formation of the normative base of planning capital construction with regard to the new demands, and also to ensure the participation of the scientific research institutes of Gosstroy USSR in the work to create a normative base for the planning of capital construction.

Within the framework of the work on creating the second stage of the Automated System of Planning Calculations it is essential to provide for the formation of a system of the storage, accumulation, and issuance of planned technical and economic indicators of construction objects by types of productions in keeping with the requirements of the developers of the normative base for the planning of capital construction.

The realization of these measures in 1981-1982 will make it possible to increase the balance between capital construction plans and material and technical supplies and the substantiation of the norms and normatives for planning capital construction, to substantially decrease the cost and labor expenditures for their formation, and also to release substantial numbers of workers from scientific research and planning organizations.

An improvement of the methods of measuring labor productivity is an important problem. The labor productivity value indicators (production of gross and commodity output) which are now being used as through ones do not ensure an objective characterization of the level and dynamics of labor productivity in all of the elements of production, since they depend upon changes in materials intensity, profitability, the level of cooperation, and so forth. As an experiment has shown, in industry when labor productivity is measured with the help of net and conventional net output indicators which reflect an economy of aggregate labor these indicators do not provide a fully objective characterization of the changes in labor productivity, especially at enterprises owing to imperfections in price formation.

The present method of the labor measurement of labor productivity (with the help of normed labor intensiveness) practically excludes the use of this measurer in through planning of labor productivity. This occurs because of the non-comparability of the normed labor intensiveness by periods and among enterprises, and also because normed labor intensiveness takes account of the labor expenditures of work-

ers who frequently comprise less than one-half of the number of industrial production personnel of enterprises.

Thus, on the basis of the existing methods of measuring and planning labor productivity it is practically impossible to ensure the accomplishment of such tasks as an objective reflection of the labor efforts of each concrete collective in the creation of use values and the attained level of labor productivity; the consolidation and comparability of the planning and actual data on an increase in labor productivity at all levels of planning and in all of the elements of production; and the creation of conditions for control over the scientific substantiation of the plans which are made up at any of their stages, for current control over the course of their fulfillment, and for a centralized computation of the influences on the labor indicators of the correcting of assignments for output volume and products list at enterprises and in ministries.

The existing methodology of the factor-by-factor planning of labor productivity partially solves some of these problems. In particular, in accordance with the Methodological Instructions on making up the USSR economic and social development plan a through measurer of the growth of labor productivity--an economy of workers--is used, and uniform principles for the classification of factors; the same sequence of factors, and the singling out of factors of a technical, organizational, natural, or other nature.

However, methodologically, the methods of computing the influence of the factors at enterprises and in ministries are different (with the former these are detailed calculations on the basis of a decrease in normed labor intensiveness; with the latter they are consolidated calculations of an economy of numbers per value unit of output production as a result of planned changes in tools, products of labor, organization, technology, and skill levels).

When national economic planning projections are changed a rapid recalculation of plans, especially for enterprises is difficult, that is, it is not possible to perform calculations of labor indicators on a uniform basis from top to bottom. With the existing methods of measuring and planning labor indicators their coordination with the distribution of capital investments, with specialization, and with the siting of production is not ensured, and calculations of plan variants are made difficult. On the one hand, the introduction of indicators of the full labor intensiveness of a unit of output will make it possible to shift to the normative method of planning the numbers of industrial production personnel in close coordination with final output, will increase the possibilities for and raise the level of the centralized planning of labor indicators, and will make it possible to choose effective variants of an increase of labor productivity and of the distribution of the numbers of workers on the basis of an evaluation (with computers) of several planned variants. On the other hand, the indicators will be criteria for evaluating the effectiveness of the use of labor expenditures at all levels of planning.

Proceeding from the instructions of Gosplan USSR and the USSR State Committee for Labor, the USSR ministries and departments and union republic gosplans will now have to define lead organizations which are responsible for the methodological

direction of the work on the formation of indicators of the full labor intensiveness of a unit of output and the creation of normatives for the substantiation of labor plans. They must also develop and coordinate with the Scientific Research Center of Labor branch methodologies for determining the practical and planned labor intensiveness of a unit of output, provide their subordinate enterprises with them, and on dates established by Gosplan USSR and the USSR State Committee for Labor carry out the necessary calculations.

Preparatory work of an organizational and methodological character has now begun in most of the USSR ministries and departments and union republic gosplans. In individual ministries calculations have been performed for indicators of the labor intensiveness of output at enterprises and in production associations.

In the ministries of the petroleum refining and petrochemical industries, the motor vehicle and electrical engineering industries, the construction materials industry, and a number of others branch methodologies for determining the full actual and planned labor intensiveness of output have been developed for all subbranches and productions. They have either been approved by the ministries for application, or are undergoing additional tests of experimental calculations.

In these ministries, and also in the ministries of machine tool building and tool industry, construction, road, and municipal machine building, medical industry, and others orders have been issued, and a decision has been made on the group of scientific research institutes and organizations which provide expert appraisals and perform calculations of full labor intensiveness by products lists at all of the levels of branch planning, their coordination, and presentation to the lead branch organization and the ministry. The organizations which ensure a solution of the problems of aggregating the products list of output at all of the levels of branch planning have been determined.

At the same time, during the course of the work to prepare and perform calculations of the full labor intensiveness of output in a number of ministries there have been shortcomings and lagging with performance dates.

It has to be noted, unfortunately, that they include ministries which have been working in this direction for many years and which are the best prepared methodologically and organizationally. Thus, in the USSR Ministry of Light Industry methodologies have been created for calculating the actual and defining the planned labor intensiveness of output for all of the basic subbranches and calculations of this indicator have been performed at enterprises. However, at the level of the ministry work has not to date been started on the formation of this indicator which creates great difficulties in the realization of the planned measures not only at analogous enterprises of republic subordination, but also at enterprises of direct union subordination.

In the process of the development of branch methodologies in a number of ministries there appears a tendency toward calculating the labor intensiveness indicators on value measurers of output instead of physical ones (the USSR Ministry of Timber and Woodworking Industry, the Ministry of Fuel Industry RSFSR, and others), or toward the use of these measurers for an indirect distribution of

labor expenditures by types of output (Ministry of Heavy Machine Building), which in fact deprives the work being done of meaning.

In many ministries there are excessive delays in finishing work on previously prepared branch methodologies and on delivering them to enterprises. Thus, to this day branch methodologies have not been coordinated with the Scientific Research Institute of Labor by the Ministry of Radio Industry, Ministry of Agricultural Machine Building, Ministry of Light and Food Industry Machine Building, Ministry of the Chemical Industry, Ministry of Chemical Machine Building, and others.

The USSR Ministry of the Fish Industry bound its enterprises to perform calculations of the labor intensiveness of output without giving them branch methodologies. Such an important problem as defining the products lists of output by levels of branch planning also continues to be unsolved by many ministries. The indicator of the labor intensiveness of a unit of output has to be calculated in accordance with it.

In the solution of the problem of performing an analysis of the indicators of the full labor intensiveness of a unit of output great importance must also be attributed to an improvement of statistical reporting on labor and to supplementing it with data on worked time by such categories of industrial production personnel as engineering and technical workers and employees.

The fulfillment of the demands of the decree of Gosplan USSR on the universal introduction of the system is being held back by an ambiguous attitude toward the introduction of the normative method of calculating the need for resources. On the one hand, the necessity for a system of norms and normatives as defining indicators in economic planning calculations is recognized. On the other hand, when planning work is done for branches and individual productions indicators are frequently calculated on the basis of the dynamics of past years and of attained levels, and artificial methods of determining the need for resources are used. The consequence is unsubstantiated corrections of norms.

The creation of a progressive normative base is one of the most important conditions for the development of the balance method. For this reason, the normative base has to be formed simultaneously with the development and improvement of the system of balances (material, labor, and financial resources, production capacities, and others) stipulated by the 12 July 1979 decree of the CC CPSU and USSR Council of Ministers. In order to increase the responsibility of the USSR ministries and departments and of enterprises and associations for this work it would appear to be useful to perform checks both in Gosplan USSR and in the ministries and departments on draft plans, beginning with an examination of the validity of the norms and normatives which have been put into these plans. Only then will the norms and normatives become an effective instrument of planning work from the enterprise to Gosplan USSR. And in this way the preconditions will be created for an improvement of the organizational conditions for the creation of a progressive normative base for planning.

In the future the system of norms and normatives should be a single totality of specific indicators which includes physical, physical-value, and value indicators,

and also normative efficiency indicators. At the present time it is necessary above all to develop a system of norm setting for physical indicators, with a subsequent shift to physical-value and value norms and normatives.

On the basis of this system, the Scientific Research Institute of Planning and Normatives jointly with other scientific research organizations has to organize the development of methodological documents and of an intercoordinated list of physical, physical-value, and value norms and normatives for all types of resources, above all for the level of Gosplan USSR. On the basis of the results of this work and in coordination with them, there should be organized the composition of a similar list of norms and normatives for ministries, associations, and enterprises.

In order to ensure the ability of the normative data to be consolidated and compared and to ensure an overall approach to its formation it is of paramount importance to have uniform calculation nomenclatures for output and types of operations in production, and also uniform lists of object-representatives in capital construction. From our point of view, it would be advisable for this purpose to prepare and approve for various planning levels calculated nomenclatures of output and types of work which ensure the consolidation and comparability of norms and normatives. In accordance with these nomenclatures, the normative indicators of various types of resources have to be presented by the ministries and departments and union republic gosplans and their enterprises for the long-term and annual plans.

It appears necessary to substantially develop the work of the Scientific Research Institute of Planning and Normatives at Gosplan USSR and to increase its role as the lead scientific organization for the methodological and methods problems of the creation of the normative base of planning, and to organize in the institute a subdivision for the analysis of norms and normatives and, on this basis, bring about the preparation of proposals for a disclosure of reserves for economizing resources in the economy.

The analysis which has been performed of the state of the work on the groups of norms and normatives for labor, material, and financial resources permits one to speak of the importance of strengthening the attention of the workers of planning agencies, ministries, departments, enterprises, and associations toward strict compliance with the methodological principles of norm setting and of imparting to this work an overall character in the form of ensuring the interconnections between different types of norms and normatives and, what is especially important, the use of uniform norm-forming factors (where this possibility exists) for their formation. It is necessary to be quicker in eliminating the diverse readings between the all-union branch classifier and the list of branches, subbranches, and directions which are used in planning capital construction by the divisions of Gosplan USSR and in the calculations of the Main Computer Center of Gosplan USSR.

In setting norms for equipment and determining the normatives for the mastery of planned capacities the shift coefficient is used as one of the components. However, it is computed for each group of norms according to a different methodology. A clear organization of accounting and reporting, as has repeatedly been emphasized, is an important factor in forming progressive norms and normatives. At the same

time, today this is the weakest part in the complex of norm setting problems. The most important thing is that the reporting data is received very late, frequently its reliability has to be checked out, and the amount of information is insufficient. The present methodology for calculating needs for equipment is oriented toward determining needs as a whole for types of equipment. In analyzing it there is no provision for the use of such data as the existence, movement, and use of concrete types of equipment at enterprises. As a result, the substantiation of the group norm is lowered.

There are other shortcomings in the work to create a system of norms and normatives. This indicates that, owing to its overall character, norm setting for labor, material, and financial resources can not be successfully performed solely by normative agencies. It is necessary to have active work in this direction by all interested departments and ministries and their scientific research organizations with a coordinating role by Gosplan USSR.

The decree of the CC CPSU and USSR Council of Ministers "On Strengthening Work on Economizing and Making Rational Use of Raw Material, Fuel and Energy, and Other Material Resources" orders substantial improvement of the normative enterprise, an increased mobilizing significance for norms and normatives, and the punctual modification of operating progressive expenditure norms for raw materials, materials, and fuel and energy resources and for those being established.

Gosplan USSR, Gossnab USSR, Gosstroy USSR, and USSR ministries and departments, and the Councils of Ministers of the union republics have been charged with expanding the products lists of material resources for which centralized assignments for an average decrease in expenditure norms are established. They must also develop a nomenclature for the most important material types of output and operations which serve as the basis for the centralized approval of the individual expenditure norms for the basic types of material resources. The USSR ministries and departments and the Councils of Ministers of the union republics have to ensure a high level of scientific and technical substantiation for the approved norms and for the assignments for a decrease in them and organize rigid control over compliance with them.

Thus, planned and organized work to create and introduce a system of norms and normatives will to a large extent promote the fulfillment of the directives of the CPSU on the implementation at all levels of economic management of a system of measures aimed at a fuller utilization of all types of resources--labor, energy, raw materials and materials, equipment, and production capacities--a decrease in various losses and wastes, and the elimination of non-productive expenditures.

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INDUSTRIAL DEVELOPMENT AND PERFORMANCE

SPECIALIZATION SEEN AS IMPORTANT FACTOR IN DEVELOPMENT OF ECONOMY

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[Article by Yu. Muntyan, chief of subdepartment at Gosplan USSR]

[Text] The decisions of the 26th CPSU Congress advanced a need of the present state of development of the country's national economy--to induce intensification of the economy, to achieve higher efficiency and quality of work in all spheres of production and to ensure thereby further growth of the material well-being of the Soviet people.

One of the most important directions of intensification is increased specialization and concentration of technologically homogeneous production and organization of its manufacture at industrial complexes at the present technical level. This creates necessary conditions for reduction of outlays of labor and material and financial resources; it will make it possible to raise the level of utilization of production capacities and fixed capital with a significant improvement of production quality. Today the first and foremost task is improvement of the system of management and planning of specialization and cooperation, improvement of methods of measurement and analysis of their development and calculations of economic effectiveness as well as rationalization of sectorial and regional cooperative ties, reduction of expenditures for the transportation of semifinished products.

We know that growth of collectivization of production is achieved through specialization and concentration. V.I. Lenin observed that collectivization of labor did not mean people working in the same building but rather that concentration is accompanied by specialization of social labor.¹ Specialization and concentration are reflected in constant differentiation of sectors of production, formation of new organizational structures, increased number of narrow-profile enterprises, shops and sections producing individual parts and components of machinery and equipment, homogenous materials or performing only specific technological operations.

Scales of specialization and concentration are closely connected with growth of public production and at the same time closely reflect qualitative changes in its technology and organization and attest to the level of intensification of the

1. See: V.I. Lenin, "Poln. sobr. soch." [Complete Collection of Works], Vol 1, p 177.

economy. Development of specialization results in lowering the level of socially required outlays of labor; moreover, this is characteristic even of the case where the technical level of the means of production does not change. But with a high level of specialization and concentration the need arises for a radical change in machines and equipment used, the transition to continuous technological processes and improvement of production and labor organization. The introduction of new, progressive equipment and technology brings about further growth of labor productivity. This constitutes the economic significance of specialization and concentration as factors of intensification of production.

It is important to point out that growth of collectivization of production and the development of the processes of specialization and concentration under socialism are free of antagonistic contradictions. Such consequences as reduction of socially required outlays of labor and raising not only collective but also individual labor productivity create conditions for the development of scales of production and fuller satisfaction of needs. Therefore, under conditions of public ownership of the means of production, specialization and concentration contribute to the further growth and strengthening of this ownership and to the improvement of production relations.

But this advantage of socialism is not realized automatically. Development of the economy on the basis of concentration and specialization requires their conscious control with account being taken of economic effectiveness. In other words, it can be realized only in the process of socialist planning.

Despite the importance of specialization in providing steady growth of labor productivity, its development so far is being achieved slowly and therefore the means of intensification of production are being used far from totally. This is to be explained in our view by the fact that there are a number of reasons of an organizational nature.

Thus, planning of specialization today has been practically completely turned over to ministries and departments. To a certain extent, this is correct, since they are responsible for technical policy in the sectors. But development of production has a regional aspect. With the establishment of production ties between associations and enterprises within ministries, this aspect logically would not be taken into account. The problem of intersectorial, including regional, coordination of development of industry is to be found even in the solution of such an important state task as development of general schemes of management in industry. Inasmuch as it is resolved within sectorial limits, it would be difficult to expect a significant improvement of specialization in intersectorial and regional contexts.

In large industrial centers, for example, there are to be found a large number of foundry, forge and tool shops, each of which basically operates for the satisfaction of its own production association or scientific-production association; moreover the product list is frequently repeated. If a production association has surplus capacities, the products produced with them are usually shipped to other oblasts and republics despite the fact that a need for them may exist at a production association of another ministry in the same region. The fundamental reason for such a situation is weak intersectorial coordination of this work as well as inadequate coordination of the operational schemes of the various industrial ministries.

Development of specialization is also held back by the absence of a number of normative documents and inadequate control over the fulfillment of those that are available. For example, optimal sizes of production capacities have been determined for far from all types of production, but even where they are determined, more often than not they are violated. At the same time, practically no norms exist regulating the structure of enterprises, the sizes and technological make-up of shops for these or those sectors of industry. Criteria for organization of production and scientific production associations have not been developed. Each ministry, in developing planning documentation for the construction of new enterprises determines in its own way what shops are to be built in them. Production associations and scientific production associations are organized similarly. Some ministries include within production associations enterprises on independent balances, others do not. Production associations are frequently created which consist of one or two enterprises.

The decree of the CPSU Central Committee and the USSR Council of Ministers of 12 July 1979 established that the basic cost-accounting unit in industry is the production association. It was also proposed to systematically implement measures for specialization and cooperation of production and centralization of auxiliary and subsidiary services as well as the managerial functions of the amalgamated enterprises and organizations. But this important decision has so far not been buttressed with organizational and methodological measures. Thus, the working out of planning estimates for reconstruction and expansion is conducted as before for individual enterprises coming under production and scientific production associations. Gosstroy USSR has not established a procedure for planning of a production or a scientific production association as a whole.

The specialization and centralization of auxiliary and subsidiary services is of important significance. A major role in this could be played by intersectorial organizations for provision of services of an industrial character, for example: for maintenance of machinery and equipment, maintenance of buildings and structures, collection of industrial wastes and secondary resources, for packing and shipment of products and so on. At the present time, such organizations servicing industrial enterprises do not exist, but they could be highly specialized and well technically equipped organizations with a high level of labor productivity.

The solution of this problem requires that one's position be clearly found in regard to two questions. First, there must be determined who should manage such organizations and then they should be provided with commensurate rights, including in the sphere of material-technical services on a level with other industrial enterprises and organizations. In our view, these organizations could be united within republics or economic regions and subordinated to council of ministers of union republics. Second, there should be developed a flexible system of allocation of capital investment and other material, labor and financial resources for such intersectorial purposes. The procedure that is customary today for distribution of capital investments by sectors limits the interests of the managing structure within the narrow limits of the sector. The mechanism of centralization of capital investments through transfer of their shares to coperforming ministries is most complex and, what is most important, unreliable. In our opinion, this problem can be solved through granting to organizations providing industrial services the status of a sector of intersectorial production operations or intersectorial services.

Inadequate development of specialization is to a certain degree the consequence of the absence in practice of planning of a reliable economic indicator for assessment of the level of specialization. In the examination of this question use is usually made of data of the USSR Central Statistical Administration on growth of the number of enterprises in groupings that are based on average annual number of workers, cost of production fixed capital, volume of gross production or, for example, a change in the number of production or scientific production associations in the country as well as of the number of enterprises comprising them. Such, as well as comparable, indicators do not disclose the nature of the problem of specialization in industry. For example, a high level of concentration of manpower without consideration of the indicator of labor productivity says little about anything. It could be the consequence of weak specialization and inadequate mechanization of labor. With low specialization and a large number of various auxiliary production operations, the cost of production fixed capital obviously also grows. Indicators of growth of the number of associations and their share in the volume of industrial production and number of workers employed in them cannot equally attest to the deepening of specialization of production.

We think that an approach with a measure to the problem of specialization is possible only through analysis of the structure of the aggregate social product, including the analysis of the gross product for each ministry and department. In the study of production specialization important considerations are not only the volume of the produced product but also under what conditions it was produced, what sort of division of labor was achieved in this and to what degree each part of this manufacture attained the level of independent production. In other words, it is necessary to evaluate the relation of the end to the intermediary product in the aggregate product. Growth of the end product attests to the development and scale of production and of the intermediary product to the qualitative growth of production, its technological and organizational structure and specialization. Analysis shows that the share of intermediary production in most machine-building scientific production associations and production associations does not exceed 2-3 percent. Consequently, production ties in them are poorly developed; subject specialization predominates and in it products almost from start to finish are fabricated at one and the same enterprise. This conclusion is in accord with the data of a study by the USSR Central Statistical Administration. They show that of every 100 machine-building enterprises the number producing for their own needs is: cast-iron casting--71, steel casting--27, forgings--84, stampings--76, holding and fastening metal products--65.

Society is primarily interested in increasing the end product, but the way to this lies through specialization and growth of the productivity of social labor. At the same time, we may consider a priori that any specialization produces an economic effect. The fact is that the intermediary product, which grows with expansion of specialization, is not the aim of production but only a means--material outlays connected with production of the end product. For this reason, specialization will only be effective if it ensures acceleration of growth of the end product and reduction of total outlays of living and collective labor per unit of end product. This is thus the economic criterion of development of specialization. But its practical use requires introduction into the practice of planning and analysis of separate accounting of end and intermediary production. Today it is possible to judge only indirectly difficulties relating to effectiveness of specialization. Whereas

the plan of commodity production output may be overfulfilled, in physical terms many of its forms are underfulfilled. This means that intermediary production and materials intensiveness of production are growing faster.

The question of specialization is directly associated with the problem of rationalization of cooperative ties and of shipment of production. In working out of plans of cooperative deliveries of products, the factor of transport is completely not taken into consideration. The idea has come into being that transport capacities are not fully used and can be additionally loaded at any time with cooperative product shipments. Practice shows that this is not so. At the present time, transport is holding back the development of industry and is being used at the same time irrationally. Nothing can justify, for example, systematic planning by the Ministry of Power Machine Building of shipments of castings from Leningrad to Khabarovsk and of the Ministry of Chemical and Petroleum Machine Building from Sumy to Tashkent and Chita. All in all, from 55 to 75 percent of all cooperative deliveries of machine-building unfinished work pieces apply to enterprises located in different economic regions. Thus, about 80,000 tons of hot stampings are shipped from enterprises in the Ukraine to the Urals, and about 82,000 tons are shipped from Ural enterprises to the Ukraine. A significant volume of shipments consists of cooperative shipments of ingots in ferrous metallurgy, semifinished products in chemistry and reinforced concrete structures in the construction industry.

For installing order in this matter and reducing unnecessary shipments from one end of the country to the other, it is essential to establish the following. First, in calculating the effectiveness of cooperation, expenditures for transportation of products should be accounted not on the basis of rates but on the basis of fully shown outlays. Today, the insignificant relative share of outlays for transport in the manufacturing cost of commodity production and the comparative reduction of rates for shipments with increased distances do not contribute to the rationalization of production ties and their development in a regional context. It is necessary to establish norms of shipments on the basis of distance for all the most important types of products and to create progressive additions to rates in case of their violation, moreover without the right of including these expenditures in the production cost.

A necessary condition of development of specialization of production is all-out bolstering of state planning discipline and conscientious observance of commitments according to economic contracts by all participants of the production process, including organs of supply and marketing and transport organization. Lack of confidence in the reliability of cooperative ties leads to the organization of tiny, although one's own, production operations with high outlays of social labor.

For the same reason, intersectorial ties in industry are developing weakly. Thus, in recent years, interregional (as a rule, intrasectorial) shipments of products increased roughly 1.5-fold for cast-iron and steel castings.

Recently, serious steps have been taken for control over the fulfillment of contractual commitments and, it must be assumed, that they will produce a positive result. But it would appear that together with strengthening of shipment discipline there should also be strengthened material incentives of enterprises in expanding cooperation. The effect in expansion of shipments of end products cannot be measured above the intermediary level. As a result, enterprises are not always

eager in looking for expansion of cooperation. It would appear to be feasible to place norms of formation of economic incentive funds of enterprises in dependence on growth of the volume of production shipments on the basis of cooperation.

Let us examine certain problems of development of specialization of machine building on the example of an industry for the production of products of general machine-building use. In the report by N.A. Tikhonov at the 26th CPSU Congress, greater concentration of production of these products in the country was designated as an important means of boosting the effectiveness of machine building.

Consolidated calculations show that labor productivity in machine building--the chief indicator of intensification--may be increased roughly 1.5-fold solely through centralized manufacture of hydropneumolubricating equipment, filters, reduction gear, cogwheels, sleeves, chains, chain gears and other items of general machine-building use as well as conducting extended specialization of preparatory production operations. This would require terminating the construction of complex machine-building plants containing the whole range of technological production operations for the manufacture of cast, forged, welded and other types of pieces. Such capacities should be made either by independent enterprises within a production or scientific production association (if the need for them, while taking into account other regional needs, achieves an optimum size) or by intersectorial production facilities. At the same time, it is necessary to expand item specialization.

Developments of institutes of the USSR Academy of Sciences show that the optimal volume of centralized production of products of general machine-building use is no less than 85 percent. Actually, the level of centralization of specialized production amounts to: for hydropneumolubricating equipment and filtering devices--55 percent, for reducers and speed regulators--60 percent, for sprocket chains--about 67 percent. More than 90 percent of special tools and technological equipment are produced directly for their own needs.

As for losses connected with a low level of specialization of production of intersectorial designation, they can be judged according to the following data. The difference in labor intensiveness in the manufacture of hydroequipment at specialized plants of the Ministry of Machine Tool and Tool Building Industry and nonspecialized enterprises of other ministries amounts to 72 norm-hours for each thousand rubles of production; when figured for the entire volume of noncentralized production, this time fund amounts to almost 20,000 workers. Comparable losses are observed in the production of reducers and sprocket chains. At the same time, the quality of the products produced under unadapted conditions is immeasurably lower. A number of products (for example, hydrostatic transmissions, low-reversibility hydromotors, reducers with an involute tooth system or wave-type) in general cannot be made without specialized equipment that can be installed only at specialized enterprises.

No outright data exists on losses of metal at nonspecialized production facilities as its expenditure is included in the general norm calculated for end products. But since special forms and shapes of rolled metal are not used in this, the losses are quite big. According to certain data, the use factor of rolled metal in the

production of gears does not exceed 0.4, while its expenditure on fastening items is threefold greater than at specialized production facilities.²

The effectiveness of centralized production of unfinished work pieces may be judged by the work indicators of enterprises belonging to Soyuzlitprom Scientific Production Association [SPA] of the Ministry of Machine Tool and Tool Building Industry and by comparable average figures for casting shops of machine-building ministries for 1979 as presented below.

	Machine-building ministries	Enterprises of Soyuzlitprom SPA
Expenditure of coke per ton of fit castings, kg	234.5	182.9
Output of fit castings from metal charges, %	64.0	65.1
Output of castings by a single worker, tons per year	41.1	48.6

Thus, labor productivity at enterprises of Soyuzlitprom Scientific Production Association according to a physical indicator is 18 percent higher, while the expenditure of coke is 22 percent lower. The production of cast-iron casting at specialized production facilities is approximately 20 percent lower and at individual large shops and enterprises--more than twofold lower. There should be kept in mind that the indicated indicators were attained under conditions where the construction of most central foundry facilities is still not completed and those capacities that operate at some of them are not fully used for a number of reasons.

The question of speeding up the development of industry for the output of products of general machine-building use was discussed many times in working out of plans. The task was set for the 10th Five-Year Plan of significantly expanding the production base, including for centralized manufacture of these products and improving the structure of machine-building unfinished work pieces through making more of them on the basis of progressive technology: electric smelting, stamping, precision casting, welding, from metal powders and the like. It was designated to raise the technical level and quality of products for general machine-building use and to expand their type ranks, to raise the level of unification. Measures were provided for bolstering centralized planning and management of industry making products of general machine-building use.

In the past five years, the expenditure of unfinished work pieces in machine building as a result of the work done was reduced 20 percent per product unit. One quarter of this reduction was achieved through an increase in the share of progressive forms of casting and the rest through an increase in the relative share of stampings and welded structures. The presence of hydropneumolubricating equipment was increased by almost 34 percent among machine-building products. The degree of satisfaction of requirements for these products through centralized production was increased by 14.5 percent. At the same time, the average capacity of hydraulic and pneumatic equipment was doubled, work resources increased 30-60 percent, while the relative share of metal intensiveness was halved.

2. V. S. Byalkovskaya, "Planirovaniye mezhotraslevykh proizvodstv" [Planning of Intersectorial Production], Moscow "Ekonomika", 1977, p 114.

The volume of cooperative shipments of unfinished work pieces during this time grew by more than 18 percent for the enterprises of the machine-building ministries, while the share of unfinished work pieces coming from ministries not belonging to the machine-building complex grew smaller by 5 percent. This attests to the further concentration of preparatory production operations in machine building.

Nonetheless the development of manufacture of products of general machine-building use during the 10th Five-Year Plan did not meet requirements. The start-up of capacities for the basic product mix was achieved at the level of 50-55 percent and for reducers, at a level of less than 30 percent. This was due to defects in organization of construction, untimely provision of a number of planning estimates and the dissipation of capital investment among numerous construction projects. The machine-building ministries reduced both absolutely and comparatively capital investment aimed at the establishment of centralized capacities for the production of unfinished work pieces and products.

At the start of the 11th Five-Year Plan, a difficult situation was created in regard to balancing of production of machines and equipment with requirements for unfinished work pieces, especially when it came to large and heavy forgings and castings and special types of castings and welded items. A rise in the technical level of machine building is being retarded because of a dearth of hydraulic equipment, systems of centralized lubrication and filtering devices. A greater degree of hydrofication is required of tractors, combines, some agricultural machines, cranes and other materials handling equipment and also road construction machines. In a number of cases, heavy mechanical drives and transmissions are used instead of compact and easily operating hydraulic systems. User machine builders as well as operators are obliged to produce normalized reducers, speed regulators and other products of general machine-building use in large quantities.

In terms of today, difficulties exist in regard to providing casting production facilities with molding sand. Its bulk comes directly from quarries without washing out of clay and without classification by grade, which is connected with delaying the construction of a number of concentration factories. The low quality of molding sand results in increased defective output and an increase in the weight of cast unfinished pieces; it also leads to overexpenditure of sand and binders.

Defects in the field of concentration of production of general machine-building products and organization of their specialized output in our view is the consequence of the following causes.

First, machine-building ministries are inadequately fulfilling their functions in regard to the development of specialized capacities, including centralized production of unfinished work pieces and products of general machine-building use. Machine builders are increasingly frequently turning to Gosplan USSR and Gossnab USSR with the request to provide them with unfinished work piece or products through cooperation or to release them from commitments for deliveries of such products for the purpose of satisfying their needs, explaining this by the fact that sectorial specialization is being improved and there is no need to spend money on the development of capacities. This is a result of a lack of economic evaluation of the development of specialization.

To prevent a gap from occurring in the development of capacities, Gosplan USSR, beginning with the 1981 plan, is issuing for machine-building ministries a capital-investment goal limit for the construction of enterprises for products of general machine-building use. At the same time, it is important to achieve the use of the limit strictly as designated, for which purpose Gosplan USSR and Stroybank USSR are to establish strict control.

At the same time, the accountability of ministries should be increased with respect to providing the national economy with products of general machine-building use, developing and approving plan balances of production, receipts from the side and deliveries to another place of products for each of them and for the entire products list secured for them by products in accordance with specialization. Such balances must be an integral part of the plan. It is also necessary to speed up a decision on the development of regional balances for products of general machine-building use.

Second, because of an insufficiency of specialized capacities, their further expansion and the development of specializations are being held back. The construction of central casting facilities, central forging facilities and central welding facilities is being retarded. For this reason, ministries are obliged to undertake partial reconstruction and expansion of small shops. For example, the Ministry of Machine Building for Light and Food Industry and Household Appliances intends during the 11th Five-Year Plan to renovate 26 foundries, the capacity of most of which does not exceed 3,000-5,000 tons.

The prolonged duration of construction of centralized production facilities is to be explained to a significant degree by the fact that new machine-building plants are essentially being built as complex one. For the same reason, no specialization is being conducted of existing production facilities. The country now has more than 6,000 small only slightly mechanized foundries. The persons working in them constitute a large manpower resource. A portion of the foundries could be eliminated with the start-up of new capacities, while another portion is narrowly specialized with corresponding reequipment, which also will create a reserve of capacities.

The paradox of the situation is that the attained scale of production of cast unfinished work pieces could basically provide in terms of weight for the needs of machine building in the next 10-15 years through increased precision, reduction of weight and expansion of the use of welded-cast, welded-forged items as well as other measures for improvement of the structure of unfinished work pieces. But their accomplishment requires reserve capacities.

Calculations thus show that the aforesaid measures can be realized by building during the 11th and 12th Five-Year Plans about 20 centralized enterprises with capacities of 90,000-15,000 tons of production. This possibly might require holding back the construction or reconstruction of already started shops, but this would be justifiable if the planned period of construction of the centralized production facilities were to be adhered to.

Third, at the present time, preference is being given to the construction of complex enterprises in this or that sector for some reason or other, even where they

are not always provided with raw materials, unfinished work pieces or semifinished products. The construction of forging or casting production facilities is considered less important, although they frequently ensure better immediate use of capacities at many plants. Thus, during the 10th Five-Year Plan, construction was started on only 3 out of 16 enterprises determined by the target of the state plan and intended for centralized provision of the needs of industry. In this practice, the proper decision on reducing the number of new construction projects was uniquely reflected: construction of specialized enterprises was curtailed. Another example. At Volzhsk, construction is proceeding at the industrial center on three enterprises: for refrigerating machines, road-construction machines and centralized production of normalized reducers. The builders are unable to erect the three plants at the same time. For this reason, they decided to suspend the construction of the reducer plant, although tens of machine-building enterprises will be left without equipment.

Priority in development should be adhered to, but it should be granted first of all to those sectors and enterprises that provide a better balance and a high level of economic effectiveness. They include the whole complex of production for the output of general machine-building products as products that raise the level of specialization of machine-building production.

And fourth, the 26th CPSU Congress determined as a most important direction for the development of industry, the reconstruction and reequipment of existing enterprises, improved use of production capacities and more shift work for equipment, which would require expansion in the use of specialization. Without a radical change in the character of production, the replacement of one equipment by another, even where it is more productive, would produce little in the way of result. Consequently outlays that do not provide for concentration of production and development of specialization of production should not be applied, in our view, to reequipment.

At the same time, all measures connected with the development of capacities and production output of general machine-building use are directly aimed at increasing the specialization of machine building and create the necessary prerequisites for its reequipment. Therefore all of capital investment aimed at the development of industry for the production of products of general machine-building use should be considered as outlays for reequipment of machine-building enterprises.

An analysis of defects in the development of specialization of machine building and production of products of general machine-building use leads to the conclusion of unsatisfactory organization of this work, especially in planning. It is namely on this that attention should first be devoted as called for by the decree of the CPSU Central Committee "On Further Improvement of the Economic Mechanism and Tasks of Party and State Organs."

For the purpose of intensifying the centralized principle in the planning of production of general machine-building products and further developing specialization in machine building, Gosplan USSR, beginning with the 11th Five-Year Plan, is working on the development of all balances of these products on the basis of a consolidated products list as well as on plans for their distribution on the basis of user ministries and departments for the five-year period in terms of each year.

At the same time, a complex of measures is being implemented for improving work connected with regulating needs for unfinished work pieces and products on the basis of a unified products list for machine building and performing centralized computations with the use of electronic computers.

Of significant importance to the further development of machine-building specialization will be the decision of Gosplan USSR of developing within the framework of the five-year plan for 1981-1985 the Goal Complex Program (GCP) "Creation of a Highly Specialized Industry for the Production of Products of General Machine-Building Use." Its adoption was preceded by a far-ranging study of the practice of planning and management of this industry.

In January of the current year, Gosplan USSR approved the original assignment for developing this GCP, which determined that the program constituted a directive address document defining the whole complex of scientific-research, planning, and design, technological, production-economic, social and organizational operational assignments and measures intended to ensure the achievement by the industry of the indicated technical-economic indicators. Working out of the original assignment is the first major and responsible stage of the work, inasmuch as it contains demands for the quality of all products and efficiency of their production for the terminal period of the programs realization. The working out of the original assignment was conducted by the Ministry of Machine Tool and Tool Building Industry under the guidance and with the broad participation of specialists of consolidated and other departments of machine building of Gosplan USSR, personnel of the Scientific-Research Institute of Planning and Standards, specialists of Gosstab USSR and Gosstandart USSR. Moreover, all machine-building ministries as well as councils of ministers of union republics have been designated as executants of the GCP.

The structure of the GCP has been determined. It will be developed as consisting of three subprograms: for all forms of machine-building unfinished work pieces, mold materials and products of general machine-building use. Each of them will consist of three second-level subprograms, namely: scientific-technical, standardization and production-economic, including schemes of development and location of production facilities, social measures and protection of the environment. The scientific-technical subprogram and the standardization subprogram are basic to the solution of all other production-economic problems. There is planned development of forecasts of development of science and technology as well as calculation of required resources and the economic effect from the fulfillment of the total complex of measures.

In the program goal indicators will be differentiated and brought down to each executant. All parameters of specialization for the production of general machine-building products are being determined.

In the original assignment, in addition to the determination of quantitative and qualitative indicators, such as, for example, the relative share of products of the highest category of quality, the level of unification of products and standardization of technological process, the average radius of shipments of unfinished work pieces and consumption norm of molding sand, a number of restrictions in regard to material and labor resources were established. Thus, the limit on the number of workers engaged in the production of products at the final stage of the program

was set at the level of the 1980 plan. This means that the entire development of production will have to be achieved only on the basis of growth of labor productivity. With respect to material resources, it was established, for example, that the development of casting production would have to be achieved with an increase in existing expenditure of cast iron and coke, which would be possible only under conditions of carrying out far-reaching specialization of production.

Of course, far from all the questions relating to the development of the GCP have already been solved on the methodological and organizational level. This work is new and difficult, but most promising. Taking into consideration those tremendous resources of scientific and planning organizations involved in its fulfillment, there can be no doubt about the positive results. This work will mark a major step forward in perfecting the practice of planning, particularly in regard to the solution of serious intersectorial problems.

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REGIONAL DEVELOPMENT

COMPREHENSIVE APPROACH TO DEVELOPMENT OF URAL ECONOMY

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[Article by M. Sergeyev, director of the Institute of Economics, Urals Scientific Center, USSR Academy of Sciences, corresponding member of the USSR Academy of Sciences, under rubric "Territorial Planning and the Economy of Rayons"]

[Text] Relying upon the achieved level of development of the country's economy and the accumulated experience, the 26th CPSU Congress emphasized that the chief task in the national economy consists in completing the transition to primarily intensive factors in the growth of social production. In this regard the factor that comes into the forefront is the improvement of planning and control in all links and spheres of the national economy. The problems advanced by the congress define the necessity of more profound and more active research on the processes that are occurring in the economy, as well as the necessity for developing a theory, an economic science, and bringing it as close as possible to the needs of economic practice.

One of the most important means of implementing the tasks posed by the 26th CPSU Congress in the field of the economy is the comprehensive approach to the resolution of economic problems. The need for this kind of approach is dictated by the growth of our country's economic and scientific-technical potential and by the complication of the interbranch production ties.

The comprehensive approach enables us to implement more completely V. I. Lenin's idea concerning the necessity for "the exemplary formulation of a small 'whole,' and specifically 'whole,' that is, not a single management, not a single branch of the economy, not a single enterprise, but the total sum of all economic relations, the total sum of the entire economic turnover, albeit of a small locality"¹. The implementation of Lenin's idea presupposes the further improvement of the planning and administration of the economy in the regions, industrial centers, and territorial-production complexes.

The scientifically substantiated placement of the productive forces and the efficient development of the regional economy exert a direct influence upon the effectiveness of social production as a whole, since, with the major scope of social production, there is an increase in the economic role played by each of its elements.

Taking the Urals as an example, this article considers certain aspects of increasing the effectiveness of the economic rayon, the comprehensive approach to the development of its productive forces.

The Urals are a section of the country to which V. I. Lenin, the Communist Party, and the Soviet government have always devoted an exceptional amount of attention, have always commented on that region's extremely important role in the development of the country's productive forces. In the GOELRO Plan it was emphasized that "the interests of the entire national economy, regulated according to a definite state plan, bring the Urals to the forefront, since the situation of the Urals on the border between European Russia and Siberia, with its unbounded prospects for development, strongly dictates the greatest possible use of its wealth"².

At the present time a major economic region (UER [Urals Economic Region]) has been formed. It includes Kurganskaya, Orenburgskaya, Permskaya, Sverdlovskaya, and Chelyabinskaya Oblasts, and the Udmurtskaya ASSR. The total area of the region is 680,400 square kilometers, or 3 percent of the territory in the country. It includes 123 cities and 224 city-type settlements. More than 75 percent of the population live in urban localities.

Both in the system of the nationwide division of labor, and in the international socialist division of labor, the UER specializes in the production of output in heavy industry. This area has achieved one of the country's highest levels of territorial concentration of industrial production, which surpasses by a factor of almost 3 the nationwide level, and for metallurgical production (Sverdlovskaya, Permskaya, Chelyabinskaya Oblasts), by a factor of 3.5.

The Urals Economic Region has at its disposal various national and raw-material resources, a mighty production apparatus, highly skilled specialists and workers, and a major scientific, construction-planning, and designing potential.

For the more complete use of these favorable factors and the consistent growth in the region's economy, it will be necessary to overcome individual phenomena that have been restraining the growth of industrial production, particularly:

- the lagging behind of the geological-prospecting and mining operations for a number of minerals, especially iron and copper ores, and also for coal; the insufficient level of the complete use of raw materials;

- the worsening state of water management; the pollution of bodies of water and the air in the most highly developed industrial centers;

- the tense situation in the operation of railroads;

- elements of disproportions in the development of production and the social infrastructure, etc.;

- the shortage of labor resources; the slow increase in the size of the population, together with a negative population migration;

--the departmental approach, which manifests itself in a number of instances in the organization of production; and the poor coordination of the development of branches and the economy of the territories.

A restraining factor in the economic development of the Urals is the aging of a considerable part of the fixed production assets. The level of their loss as a result of wear and tear in most of the leading branches of industry does not exceed 1.5-2 percent. This has a detrimental effect upon the state of the technical base of the Urals enterprises.

A powerful metallurgical complex has been created in the Urals Economic Region. The output of that complex in nationwide production constitutes one-third. This region also includes such large-scale enterprises as the Magnitogorsk Metallurgical Combine, the Nizhniy Tagil Metallurgical Combine, the Chelyabinsk Metallurgical Plant, etc. The advanced achievements of scientific-technical progress are being introduced into the Urals metallurgy at an insufficiently rapid rate. For example, in the structure of steel-smelting production, the percentage of open-hearth steel constitutes 83 percent (as compared with 60 percent for the Union); and little use is being made of the continuous teeming of steel. The level of mechanization of processes in the Urals ferrous metallurgy does not exceed 50 percent.

A large-scale machine-building complex has developed in the Urals Economic Region. With the aid of Urals technology our country produces a considerable amount of its petroleum and gas, produces 80 percent of agglomerate, 70 percent of pig iron, 80 percent of noncontinuously cast slabs, 30 percent of the hot-rolled metal, 100 percent of the tempered rails, etc. A number of types of equipment created in the Urals, when judged for their technical and economic parameters, are on a par with the best foreign models or surpass them (roasting mills; units for continuous teeming of curved types of steel; 1300 blooming mills; rolled high-pressure vessels for the chemical industry; etc.).

At the same time certain articles possess insufficiently high quality indicators. This is explained primarily by the existence of an obsolete production fund in machine-building and metal-working. A comparison of the age structure of metal-cutting equipment, for example, for machine-building in Sverdlovskaya Oblast and the country as a whole indicated that the percentage of modern equipment (less than 10 years old) in the Central Urals is 12.5 points lower than for the country as a whole. The percentage of obsolete equipment at the Urals enterprises of USSR Minlegpishchemash constitutes 39.6 percent; USSR Minzhivmash, 54.9 percent; USSR Minavtoprom, 63.1 percent; etc. This attests to the acute need for replacing the obsolete equipment.

An area which, in our opinion, requires special attention is the resolution of the questions of improving the organization and functioning of the production infrastructure, the centralized production of output intended for interbranch use, the creation of special plants for the production of cutting tools and gear, of standardized assemblies and parts, nonstandard equipment, etc.; this is extremely necessary for the intensification of social production.

One of the most urgent problems in the Urals is the intensification of the investment process. The need for this intensification is influenced by the fact

that in the capital construction in the Urals over a period of the past two five-year plans one has observed a growing gap between the planned volumes of construction-and-installation operations and the capacities of the construction organizations. No provision has been made for implementing the capital-investment plans; the volumes of uncompleted construction are increasing; and a considerable number of the construction projects and complexes slated for activation in the next reporting period have not been activated within the established deadlines. The plans for activating construction projects during the years of the Tenth Five-Year Plan were regularly unfulfilled by the construction organizations. For example, such a very large-scale construction in the Urals as Glavsreduralstroy fulfilled by only 88.3 percent the plan for the volume of construction-and-installation operations in the past five-year plan. One of the most important questions pertaining to the investment process in the region is the improvement of the reproduction structure of capital expenditures channeled into production. Not infrequently, no more than 25 percent is allocated for remodeling and technical re-equipping. The rest of the funds go into new construction and the expansion of existing production, that is, the creation of new work sites.

When resolving questions pertaining to capital construction and the renovation of fixed assets, one should make broader application of the positive experience that has been accumulated in the Urals with regard to the remodeling of existing enterprises. This is the experience of remodeling such leading enterprises in the Urals as the Magnitogorsk and Nizhniy Tagil Metallurgical Combines, the Pervoural'sk and Chelyabinsk Pipe-Rolling Plants, the Krasnoural'sk Copper-Smelting Combine and the Pyshma Copper-Electrolyte Plant, the Ural'sk Heavy Machine-Building Plant, the Ural'sk Chemical Machine-Building Plant, etc. The chief peculiarity of the remodeling of the existing enterprises in the Urals is its comprehensive nature. In the course of remodeling the enterprises one resolves, as a rule, a broad series of questions: the technology and technological processes of manufacturing the output are renovated; the level of mechanization and automation of production is raised; the equipment is modernized, and bottlenecks are eliminated; the forms of organizing and administering production are improved; the level of concentration, specialization, and combination of production entities is raised; and scientific-production associations and specialized enterprises for interbranch purposes are created. As a result of the remodeling and expansion of the enterprises, there is an increase in the volume of production of output, its variety is expanded, there is an increase in labor productivity, the labor conditions are improved, and costs of production are reduced; projects to protect the environment are carried out; etc.

At most of the enterprises in the Urals, the increase in the volumes of output produced thanks to the improvement of the technology and technological processes of production is accompanied by a relative -- and sometimes even an absolute -- freeing of the workers. For example, in the course of remodeling the Krasnoural'sk Copper-Smelting Combine during the period from 1971 through 1979, a reduction of 6.6 percent in the number of personnel in industrial production was achieved.

The buildup of the productive capacities as a result of the remodeling of the existing enterprises, as a rule, requires fewer expenditures than new construction. Thus, when the double superphosphate shop at the Krasnoural'sk Copper-Smelting Combine was remodeled, the specific capital investments per unit of

capacity increase were one-eighteenth of the expenditures for new construction of an enterprise with the same capacity. The capacity increase obtained as a result of the remodeling of the Magnitogorsk Metallurgical Combine in the Ninth and Tenth Five-Year Plans required 350 million rubles less in capital investments than for new construction. An extremely important result of the remodeling of the enterprises in the Urals is the improvement in the variety of output and the improvement in its quality. For example, by means of remodeling the double superphosphate shop, the Krasnoural'sk Copper-Smelting Combine produces the double granulated superphosphate that is the best in our country at this time (49-50 percent of assimilable nutrient is phosphorus pentoxides). The Ural'sk Chemical Machine-Building Plant has begun manufacturing in a rolled form chemical apparatus that is extremely effective for the customers. Thanks to the remodeling there has been a considerable improvement in the quality of the output at the Magnitogorsk Metallurgical Combine, the Verkhisetskiy Metallurgical Plant, the Sverdlovsk Ceramic Articles Plant, the Nizhniy Tagil Plastics Plant, and many other enterprises in the Urals.

Major remodeling operations in the Urals will have to be carried out during the 1980's. The Basic Trends in the Economic and Social Development of the USSR in 1981-1985 and for the Period Until 1990 stipulate "in the Urals, the continuation of remodeling and technical re-equipping of enterprises in ferrous and nonferrous metallurgy, machine-building, and the chemical and petrochemical industry. The raw-materials base of nonferrous metallurgy will be reinforced"³. Simultaneously, in the Urals Economic Region it will be necessary to resolve a number of socio-economic problems.

When converting the economy to chiefly the intensive path, while acknowledging the intensification to be a completely natural tendency in developed socialism, it is also necessary to take into consideration a number of other objective conditions. The chief one is the demographic situation, the problems involved in the formation and efficient use of labor resources.

In the Urals, as in a number of other regions, there are no uncommitted labor resources. The traditional source of additional manpower -- agriculture -- has stopped delivering personnel to the city. Agriculture does not have any free hands: on the contrary, the need for manpower keeps growing. The sole source for getting additional labor resources is the natural population growth [birth rate minus death rate]. It should be taken into consideration that the assimilation of the northern and eastern rayons will require a large amount of manpower. Moreover, the fulfillment of the extensive program set down by the 26th CPSU Congress for raising the national standard of living will also bring about an increase in the number of persons working in the nonproduction sphere and in trade. Thus, the basic -- and, if we were to speak more precisely, the sole -- way to achieve an increase in production of industrial output, the volume of construction, and transportation operations, is to increase the productivity of social labor. Therefore, when determining the ways of intensifying social production, it is necessary to have in mind the total effectiveness of the live and embodied labor.

An important problem in increasing the effectiveness of social production in the Urals is the efficient use of natural resources, especially the mineral and raw-materials resources. In the Urals a disproportion has developed between the extraction of iron and copper ores and the need for those ores at the existing metallurgical capacities.

For many years the Urals operated on its own raw materials. At the present time the Urals resources of iron and copper ores do not meet the needs of ferrous and nonferrous metallurgy in the Urals. At the same time the geological prospecting in the Urals has been insufficient, especially at depths greater than 500 meters and on the territory of the Urals North. On the other hand, even the prospected ores are being involved slowly in operation.

Computations indicate that in the long view the Urals ferrous and nonferrous metallurgy can be almost entirely based on local raw materials and the adjacent ores of Kazakh SSR. This will make it possible to avoid shipments of ore from the Center (the area of the Kursk Magnetic Anomaly) and from the Kola Peninsula; to reduce transportation expenses; and to take a considerable load off the longitudinal railroads.

A vital problem is the comprehensive processing of the mineral and raw-material resources. The Urals are distinguished not only by large reserves of minerals, but also by their large number of components. The Urals iron ores are 90 percent complex. They are the low-titanous magnetites of Kachkanar, Kytlym, and Suroyam; the high-titanous magnetites of Kusinsko-Kopanskiy Rayon; sulfide magnetites containing copper, cobalt, and sulfur; and the Serov and Orsk-Khalilovo chrome-nickel brown hematites. The copper ores in the Urals contain more than 20 elements, and bauxites, 45. However, far from all of them are used. Only iron and vanadium are extracted from the iron ores; chrome and nickel are partially used. Nineteen elements are extracted from the copper ores.

The requirement advanced by the decree of the CPSU Central Committee and the USSR Council of Ministers, entitled "Intensifying the Work of Economizing and Making the Efficient Use of Raw-Material, Fuel-and-Energy, and Other Material Resources," that is, the requirement dealing with the need to guarantee, when developing and implementing plans for improving the structure of the national economy and its branches in the direction of the complete lowering of the amount of energy and materials required by production, the maximum extraction of minerals from the earth, and the comprehensive, deep processing of the raw materials -- pertains directly to the enterprises situated in the Urals. In order to raise the level of the comprehensive processing of raw materials, this decision provides for steps to create improved tools of labor, and highly economical technological processes with little or no waste products.

The insufficiently effective use of minerals has been caused by a number of factors.

First, the extractive enterprises obtain mineral raw materials as a gift from nature. But, in practice, every natural blessing that is used for production requires definite expenditures. Consequently, the use of natural resources should not be done on a noncompensatory basis. It would appear to be desirable to introduce payment for use of the natural environment. This will encourage the enterprises and branches to use the natural resources more effectively.

Secondly, the enterprises plan the production only of the leading component and either completely disregard the associated ones or record them annually as they go onto the tailings. The ministries do not bear any responsibility -- either legal or financial -- for the uneconomical expenditure of the mineral resources.

It is only departmental fragmentation that can explain the uncomprehensive use of the ores in the Vysokogorskoye Deposit. From year to year there has been a postponement of the construction of a section for extracting cobalt, copper, and sulfur from the ores by the flotation method.

The capital investments necessary for the creation of the flotation section at this mine would pay themselves off in four years and the national economy could get an additional amount of copper, cobalt, sulfur, and iron.

The magnetites of the Peschanskoye, Sokolovskoye, and Sarbayskoye Deposits, which also contain copper, cobalt, and sulfur, are also being incompletely processed. The extraction of those components from iron ores is profitable.

It is well known that the blast-furnace slimes at the enterprises of ferrous metallurgy in the Urals contain 3-5 times more zinc than in the rich zinc ores, but that valuable raw material is not being used. The same situation prevails at enterprises of USSR Mintsvetmet. For example, at the Severoural'sk Bauxite Mine, for a period of many years, tens of millions of tons of iron ore were brought to the surface together with the bauxites, but were simply put on the tailings heap.

We would like to cite another example. The Ural delivers gravel to Western Siberia and the adjacent oblasts of the European part of the USSR. Sverdlovskaya, Kurganskaya, and Tyumenskaya Oblasts alone, during the Tenth Five-Year Plan, required more than 300 million cubic meters of construction-rock materials. To a decisive degree this growing need can be satisfied by using the waste products at the mining and metallurgical enterprises; moreover, the specific capital investments would drop by 30 percent, and the production costs, by 15-20 percent. The economic benefit from using the waste products of the mining industry at construction enterprises of Sverdlovskaya Oblast alone will be approximately 15 million rubles.

Thirdly, in improving the use of minerals, one still observes the insufficiently effective role being played by the economic levers of prices, sanctions, and benefits. The existing prices of natural raw materials and the equipment used to process them have ceased to conform to the changed conditions, and in many instances do not act as an incentive for the efficient consumption of resources. They inaccurately reflect the socially necessary expenditures of labor, and place under unprofitable economic conditions those enterprises which make the most complete use of the components in the raw materials.

For a long time the predominant type of extraction in the Urals was the extraction of magnetite ores that were rich in iron. In terms of value, the accompanying components in them constituted only several percentage points. In conformity with the natural factors, the technological processes created dealt with the ores as a single raw material. At the present time, multicomponent ores are being involved in operation. Their processing requires different technological schemes. However, in practice they are being created slowly, and there has been a tendency to adapt the processing of the new ores to old technological schemes. As a result, in ferrous metallurgy the flotation process stage for the extraction of copper, cobalt, and sulfur is not being introduced. Experimental-industrial tests have not yet been carried out for new technological schemes for the comprehensive processing of Serov brown hepatites, with the production of iron, nickel, and other products.

The attitude toward waste products resulting from the processing of mineral raw materials at the present time should be fundamentally changed. The Basic Trends in the Economic and Social Development of the USSR for 1981-1985 and for the Period Until 1990 stipulate, "There will be broad use of the comprehensive processing of raw materials, resource-saving technology, and technological processes that have little or no waste products and that use energy economically; all steps will be taken to involve local types of raw and other materials in circulation, and to reclaim secondary resources"⁴.

The cardinal resolution of the question of the efficient use of mineral resources, in our opinion, will become possible if mining is transferred into one set of hands, and if interdepartmental complexes in the mining industry are organized; these steps will make it possible to eliminate the departmental approach and will assure a uniform approach to the development of the raw-materials base.

An important advantage of socialism is the ability to improve the real production relations, while constantly striving to make them conform more completely to the level of the productive forces and to the resolution of tasks in the national economy. Under socialism, this is both an opportunity and a necessity. The need to improve the production relations was emphasized in the materials of the 26th CPSU Congress.

The institutes of the Urals Scientific Center (UNTs) of the USSR Academy of Sciences have prepared fundamental material dealing with the development of the productive forces of the Urals for the long-term period, which material was considered at an All-Union Conference in Sverdlovsk and at a session of the Presidium of the USSR Academy of Sciences. In May 1980 that material was discussed at USSR Gosplan.

USSR Gosplan deemed it desirable, in particular, to develop in 1981-1983 a target comprehensive program for the national economy, entitled "The Intensification of the Industrial Production of the Urals," as a component part of the State Plan for the Economic and Social Development of the USSR for the subsequent five-year period. UNTs, USSR Academy of Sciences, was approved as its lead developer. The divisions of USSR Gosplan and the ministries and departments which would take part in the work were specified.

The purpose of the program is to determine the ways to achieve a further rise in the effectiveness of production in the leading branches of industry in the Urals Economic Region (primarily in ferrous and nonferrous metallurgy, machine-building, the chemical industry, and in the area of the fuel and energy complex), by using intensive factors on the basis of the broad introduction of the achievements of science, the technical re-equipping, modernization, and improvement of the organization and administration of production.

The directive materials of the 26th CPSU Congress exert a large influence upon the formation of the plans for research projects being conducted in the Urals Economic Region in the natural, technical, and social sciences with the purpose of bringing them closer to the tasks of intensifying the economy of the Urals.

In the report given by Chairman of the USSR Council of Ministers, N. A. Tikhonov at the 26th CPSU Congress, it was emphasized that "judged on the basis of its

historic scope, importance, and consequences, the changeover being carried out in our national economy in the direction of intensive development can rightfully be placed on a par with such very profound reforms as the socialist industrialization which fundamentally changed the outward appearance of our country"⁵.

It is necessary to make the more complete use of the experience in practical life and science which was accumulated in the Urals during the years of the first five-year plans. Socialist industrialization was viewed as the chief trend in the fight to reorganize the Soviet economy, for developing the production of producer goods, and for forming reserves for economic maneuvering. In the resolution of the tasks of socialist industrialization of the country, the leading place was occupied by the Urals and Kuzbass problem, the resolution of which was begun during the very first years of the Soviet authority on the initiative of, and under the guidance of, V. I. Lenin. In addition to the industrialization of the European part of the country, the state plans stipulated the conversion of the Urals into a powerful industrial territory. The Urals were the scene of the rapid development of ferrous and nonferrous metallurgy, machine-building, chemistry, power engineering, the construction industry, etc.

The tasks advanced by the party with regard to the industrialization of the Urals, naturally, predetermined the development of science in the territory. The scientific institutions developing there conformed to the needs of practical life. During the period of the building of socialism, when the objective conditions brought to the forefront the industry of the Urals, science guaranteed its development on an improved technical basis.

The historic decisions of the 26th CPSU Congress direct the scientists toward the resolution of the problem of the intensification of the Soviet economy. All this pertains in equal measure to the academy's institutions, the branch institutes, and the institutions of higher learning which are situated in the Urals.

Typical natural laws and tendencies in the integration of science and production formed and manifested themselves most brilliantly in the Urals. In the 1980's the "Ural" comprehensive long-term program will become the basis of the further integration of science and production. The central link of that program is the target program for the national economy, entitled "The Intensification of the Industrial Production of the Urals." In addition, the "Ural" program will include the following series of target regional programs that was developed by UNTs, USSR Academy of Sciences: "Mineral Resources of the Urals," "Ferrous Metallurgy of the Urals," "The Urals North," "Comprehensive Problems of Machine-Building," "Urals Biosphere," etc

The comprehensive scientific program "Mineral Resources of the Urals" provides for the resolution of the problem of the mineral and raw-materials resources of the territory for the long-term period. Its goal is the substantiation of the capability and economic desirability of increasing the Urals's resource potential, and the use of it on the basis of a geological, technological, and economic evaluation of the deposits of minerals. The program has the following tasks: the improvement of the theory of the geological development of the Urals; the elaboration of the scientific principles of the search for and the forecasting of various genetic types of deposits; the elaboration of geophysical methods and the latest technical means for searching for and prospecting deposits of minerals; the

determination of the promising areas in the Urals for locating industrial deposits; the evaluation of the opportunity for increasing the reserves at existing mining enterprises; the substantiation of the basic trends in geological prospecting operations for the long-term period; the determination of the economic desirability of involving in industrial production the minerals that are situated at great depths; the technical-economic substantiation of the complete use of raw materials and production waste products; the economic evaluation of the mineral and raw-materials base with a consideration of the regional technological and economic factors; the determination of the trends for the development of that base.

The comprehensive scientific program "Ferrous Metallurgy of the Urals" is influenced by the need for developing and introducing new technological schemes for the use of local comprehensive ores. An important aspect of the program is the improving of the quality of metal output, and the expansion of its variety.

Major tasks have been included in the comprehensive scientific program "The Urals North." We are dealing with a territory that stretches for a thousand kilometers from Karpinsk to the Kara Sea, a territory that possesses tremendous resources of ore, coal, timber, water, fur, fish, etc. The territory of the Urals North is characterized by the fact that it has been given very little geological and geophysical study, and also by the extreme living and working conditions and the low rate of assimilation by transportation and the engineering economy. The peculiarities of the territory form the purpose of the research studies: not only the comprehensive study of the zone, but also the scientific substantiation of the ways to assimilate it and its links with the industrial complex in the Urals.

In the program "Comprehensive Problems of Machine-Building," special attention will be devoted to creating a continuous-action casting and rolling unit for the purpose of obtaining finished rolled metal directly from the liquid metal. There will also be a reduction in many of the intermediate operations, and the expenditures of energy and labor to produce rolled metal will be lowered.

The program "Urals Biosphere" was created for the purpose of coordinating the guided, targeted study and resolution of the problems of the efficient use of nature and the protection of the environment in the region. Its implementation is of special importance under the conditions of the Urals, which form one of the largest regions in the country, with a high concentration of industrial enterprises. This program is aimed primarily at studying the modern state of the biological resources of the Urals region and the development of recommendations for their efficient use.

Other programs that are of great practical and scientific importance are "Solid-Body Physics and Chemistry," "The Surface," "The Waters of the Urals," etc.

The practical implementation of the recommendations of the comprehensive long-term "Ural" program, the carrying out of a number of organizational, technical, economic, and social measures, will make it possible to increase the effectiveness of the economy of the Urals.

FOOTNOTES

1. V. I. Lenin, *Poln. sobr. soch.* [Complete Collected Works], Vol 43, p 234.
2. "Plan elektrifikatsii RSFSR: Doklad VIII s"yezdu Sovetov Gosudarstvennoy komissii po elektrifikatsii Rossii" [Plan for the Electrification of the RSFSR: Report to the 8th Congress of Soviets by the State Commission for the Electrification of Russia], Moscow, Goskomizdat, 1955, p 518.
3. "Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, Politizdat, p 187.
4. *Ibid.*, p 148.
5. *Ibid.*, p 107.

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REGIONAL DEVELOPMENT

NEW REGIONS OPENED UP BY BAYKAL-AMUR MAINLINE RAILROAD

Moscow EKONOMICHESKAYA GAZETA in Russian No 36, Sep 81 p 5

[Article by G.I. Chiryayev, first secretary of the Yakut CPSU Obkom: "The Complex Is Gathering Strength"]

[Text] In accordance with the decisions of the 25th and 26th CPSU Congresses major changes are being implemented in our country in the distribution of productive forces. An increased role in the country's economy is played by the Sayanskiy, Bratsk-Ust-Ilimskiy, Yuzhno-Yakutskiy and other territorial-production complexes. Great opportunities for extension to the east and the north are provided by the Baykal-Amur mainline.

Industrial development of new regions is of exceptionally important significance for the development of productive forces. New production collectives, workers settlements and cities appear, bearing with them a high standard of labor and way of life, a new modern rhythm of life. This is obvious on the example of the Yuzhno-Yakutskiy territorial-production complex [TPC].

According to a Directed Program

Responsible tasks with regard to further developing the Yuzhno-Yakutskiy TPC were set forth by the 26th CPSU Congress. In the Basic Directions, which were confirmed by the congress, it is written: "To continue formation of the Yuzhno-Yakutskiy TPC and to complete construction of the open pit coal mine, the concentrating factory and the first stage of the Neryungri GRES."

Among immediate tasks here it is necessary to increase the long-range coal mining capacity to a minimum of 30 to 40 million tons a year, to construct the "Denisovskaya" mine and to expand construction of the "Chulmakanskaya" mine. A coal complex is currently under construction. This marks the beginning of large-scale development of the riches of Southern Yakutiya.

The oblast party conference on the results of discussion of the draft plan of the Basic Directions, held on the eve of the congress, has written in its resolution a request that the CPSU Central Committee's draft plan to the 26th Congress be supplemented with provisions for planning and constructing a metallurgical plant and the Berkakit-Tommit-Yakutsk railroad in Southern Yakutiya.

Raw material resources available in Southern Yakutiya were taken into consideration in this respect. The extent and quality of basic and auxiliary raw materials prospected by geologists, their unique territorial combination and the availability of great power resources ensure all prerequisites, including economic expediency, for creating the country's new large coal and metallurgical base in Southern Yakutiya. The metallurgical plant must become a pivotal enterprise of the Yuzhno-Yakutskiy TPC.

I must add that the CPSU obkom, scientific institutions and planning organizations have conducted extensive work beforehand on substantiating the necessity for developing iron ore deposits and constructing the railroad. A considerable volume of preplanning work has been fulfilled by the USSR Ministry of Ferrous Metallurgy and the USSR Ministry of the Coal Industry, their scientific research and planning institutes and USSR Gosplan.

The congress took our proposal into consideration. It is written in the Basic Directions: "To work out technical and economic substantiations for developing the iron ore deposit in Southern Yakutiya as well as for constructing the Berkakit-Tommot-Yakutsk railroad."

These problems have been cited for many years. They have now been recognized at the congress level, which is very important. The matter now depends on the industrial ministries and our republic organs.

The railroad to Yakutsk is an especially important project. The contribution of the republic to the development of the country's economy could be much more significant if the transportation problem is solved. The sharply increased cargo flow cannot be handled by seasonal river transportation. Lack of good roads, excessively long time the cargo has to be en route and the limited means of air and motor transportation have caused great losses to the national economy. The emergence of a railroad to Yakutsk will play a truly revolutionizing role in the development of productive forces in this part of the country, speed up social development in the vast region and, as a result, have colossal consequences. Henceforth everyone must work persistently so that the railroad can be completed on time and with least expenditures. At this stage we are setting the task of establishing all conditions for the successful work of the "Mosgiprottrans" Institute's expedition so that the work on technical and economic substantiation can be completed in 1982.

One more proposal of the CPSU obkom--to work out a directed integrated program for the formation of the TPC--was also supported. Composition of the complex, periods for the formation of its individual components and establishment of the production and social infrastructure will be reflected in this document. Experience proves that without a unified general plan, coordinated in all respects, it is impossible to obtain the colossal effect which is the basis of the idea for the formation of the TPC--a progressive form of production organization. In a broader sense this is not just a purely economic question. It has a major social and political significance. The conclusion from this is that for every newly formed TPC it is necessary to have a coordinating organ with necessary rights.

The gold mining industry will be further developed in the composition of the TPC and a mining and concentrating combine for the output of apatite concentrate and enterprises of the petrochemical industry will be constructed.

We are aware that further development of the Yuzhno-Yakutskiy TPC places very responsible tasks on the republic's party organization, the "Yakutskgeologiya" Association and the geological prospecting expeditions working in the TPC territory. Within a 3-year period it will be necessary to prospect iron ore deposits in the Charo-Tokko and South Aldan regions, appraise and partially explore deposits of non-metallic and building materials and prepare initial data on hydrogeology. It will be necessary to complete detailed exploration of the Denisovskiy coking coal deposit in 1982 and of the Seligdarskiy apatite deposit in 1984.

Because of the major tasks connected with the great volume of construction that must be solved in Southern Yakutiya there is a need to enlist large construction organizations, particularly the USSR Ministry of Construction in the Far East and Transbaykal Regions. One of the main questions here, to which we assign priority, is the planning of construction industry bases, projects of the construction materials industry and settlements for construction workers. The questions of formation of the Yuzhno-Yakutskiy TPC are under constant control of the CPSU obkom bureau and departments, the Yakut ASSR Council of Ministers, the Neryungri gorkom and the Olekminskiy and Aldanskiy raykoms.

Initiative and Responsibility

But this is only a partial concern of party organizations of the republic and its Soviet and economic organs in implementing decisions of the 26th CPSU Congress.

Initiative, however, assumes responsibility for the final result. Any initiative must proceed from state interests, from the indisputable fact that the country's economy is a unified national economic complex. A parochial approach as well as manifestation of localistic tendencies are absolutely alien to socialist management.

The Yakut CPSU Obkom has worked out a long-range plan of organizational and political measures for implementing decisions of the 26th CPSU Congress. They have been broadly discussed at an obkom plenum and have absorbed all concrete proposals of party organizations, state and economic organs and labor groups. The plan is calculated for the forthcoming 3 years.

The main purpose of our measures is to raise the organizing role of every committee, every primary party organization and party group and every communist in fulfilling and overfulfilling planned tasks and socialist pledges. Questions of party leadership of economic construction are in the center of the obkom's attention.

If one is to speak specifically, it is a struggle for raising production efficiency and work quality, for economically using all kinds of resources and for creating and strengthening the material and technical base of enterprises in industry, transportation, agriculture and capital construction.

The strengthening of planning discipline is a special question. In this we proceed from the position of L.I. Brezhnev's report at the 26th CPSU Congress: "The party has always regarded the plan as a law...The plan is a law because only by adhering to it can the well coordinated work of the national economy be ensured." The oblast party organization has accumulated certain experience of working without lagging enterprises. Party, soviet and economic organs and public organizations have actively joined this cause. Responsibility of the cadres is being raised in every way possible and additional production reserves are being sought. The republic's industry has been operating without lagging enterprises in the sale of production for the past 3.5 years. But at the same time some enterprises have failed to cope with their tasks in increasing labor productivity, which is the main indicator of efficiency.

Serious concern has been caused by shortcomings in the construction of the Yuzhno-Yakutskiy coal complex. Construction workers have completed a considerable amount of construction and installation work. This year the Yakutuglestroy combine has somewhat improved its work. But the tasks are so important that the present state of affairs does not satisfy us. It is necessary to increase the rate of construction so that projects can be put into operation within the set period of time. This also applies to another construction organization--the Neryungrigresstroy Administration of the USSR Ministry of Power and Electrification. The ministry must adopt energetic measures to ensure that the first stage of the project is commissioned on schedule.

Creative Competition

One of the conditions for successful fulfillment of the tasks facing the party organization and workers of the republic is increased effectiveness of socialist competition. The CPSU obkom strives to develop the labor upsurge achieved during the pregress socialist competition and while the congress was in session and on this basis to ensure fulfillment and overfulfillment of the plan for 1981 and for subsequent years of the five-year plan.

Such a leading action, which was supported by the obkom, was initiated by workers and delegates to the 26th CPSU Congress: V.S. Medvedeva, separator operator at the concentrating factory of the Yakutalmaz Production Association imeni V.I. Lenin; O.S. Samsonova, vegetable grower of the imeni V.I. Lenin sovkhos to Megino-Kangalasskiy Rayon; M.S. Tretyakov, complex brigade leader of the Glavyakutstroy's administration No. 54; and A.F. Trunov, complex brigade leader at the Nelkan placer mine of the Indigirzoloto mining and concentrating combine.

The movement for achieving highest labor productivity during the 11th Five-Year Plan is expanding. It started at the beginning of the year on the initiative of the collective of the Komsomol-youth team headed by A.P. Platonov from construction administration No. 17 of the Grazhdanstroy Trust. In assuming socialist pledges in honor of the 26th CPSU Congress, the collective of the team decided to work under the motto "The highest labor productivity achieved during the work of the congress is every team member's work norm during the 11th Five-Year Plan." The team has been true to its motto by fulfilling its 6-month plan by 143 percent. Construction workers of Southern Yakutiya have actively supported the leading collective. Currently 264 teams and 80 sectors are followers of its initiative.

Striving to lend great organized nature, singleness of purpose and wide scope to the socialist competition, the CPSU obkom, the republic Council of Ministers, the oblast Council of Trade Unions and the oblast Komsomol committee have worked out and confirmed conditions of the republic socialist competition for 1981.

Conditions of the competition take into consideration the peculiarities of rayons and cities, collectives of enterprises and organizations and teams and crews of leading trades according to production sectors. This has promoted increased efficiency of socialist competition.

But experience proves that effectiveness of party management of the republic's economy depends to a great extent on the efficiently organized control over fulfillment. The obkom proceeds from the position of the CPSU Central Committee's accountability report to the 26th party congress: "After adopting a decision it is necessary to achieve its absolute fulfillment within the set period of time. This must be supported by strengthening control. This control must be implemented systematically and efficiently, simultaneously from top to bottom."

Strengthening control and raising its role in party and economic construction is pointed out in the recently adopted decree of the CPSU Central Committee.

Checking fulfillment along with selecting and training personnel are being regarded by us as the basic method in organizing activities of a party organ. We strive to make control universal, broad, all-round and effective.

All of the work conducted contributes to maintaining high labor and political activities. This had an effect on the work results during the first half of 1981. The plan for the sale of industrial output was fulfilled by 103.6 percent and the task for increasing labor productivity by 103.1 percent. Plans have been exceeded for extraction of coal, natural gas and other minerals, for generation of electric power and for production of cement and cultural, consumer and household goods. It is also gratifying that the input of fixed capital has exceeded the planned tasks by 17 percent. Plans have been exceeded for the volume of marketable construction products.

Unfortunately, there are still cases of lack of proper control over the progress in fulfillment of plans and pledges in the republic. I have in mind, first of all, housing construction. Although the plan for commissioning housing during the first half of the year was fulfilled by 108 percent, individual organizations have failed to cope with the task.

The oblast party organization is faced with enormous work ahead, which is becoming increasingly greater in scope and complexity every day. The party demands that transition to a primarily intensive path of development of the national economy be completed within the 10-year period which is underway. The party organization of the republic can cope with these tasks provided that forms and methods of party leadership are further improved and the responsibility of personnel for the assigned task is raised.

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